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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From to

Commission File Number 001-36486

CDK Global, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-5743146**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1950 Hassell Road, Hoffman Estates, IL	**60169**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (847) 397-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of each exchange on which registered
Common Stock, $0.01 Par Value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of the registrant, as of December 31, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $8.7 billion.

The number of shares outstanding of the registrant’s common stock as of August 4, 2017 was 140,119,000.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference to the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of June 30, 2017.

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Part I

Forward-Looking Statements

This Annual Report on Form 10-K contains, and other written or oral statements made from time to time by CDK Global, Inc. ("CDK," or the "Company") may contain, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including: the Company's business outlook, GAAP and adjusted results for the Company's fiscal year ending June 30, 2018 ("fiscal 2018"), and adjusted EBITDA targets for the Company's fiscal year ending June 30, 2019 ("fiscal 2019"); statements concerning the Company's payment of dividends and the repurchase of shares, leverage targets and the funding of such dividends and repurchases; the Company's objectives for its multi-year business transformation plan; other plans; objectives; forecasts; goals; beliefs; business strategies; future events; business conditions; results of operations; financial position business outlook trends; and other information, may be forward-looking statements. Words such as "might," "will," "may," "could," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," "assumes," and variations of such words or similar expressions are intended to identify forward-looking statements. In particular, information appearing under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed, or implied by, these forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include:

- the Company's success in obtaining, retaining, and selling additional services to customers;
- the pricing of our products and services;
- overall market and economic conditions, including interest rate and foreign currency trends, and technology trends;
- adverse global economic conditions and credit markets and volatility in the countries in which we do business (such as the adverse economic impact and related uncertainty caused by the United Kingdom's ("U.K.") decision to leave the European Union ("Brexit"));
- auto sales and advertising and related industry changes;
- competitive conditions;
- changes in regulation;
- changes in technology, security breaches, interruptions, failures, and other errors involving our systems;
- availability of skilled technical employees/labor/personnel;
- the impact of new acquisitions and divestitures;
- employment and wage levels;
- availability of capital for the payment of debt service obligations or dividends or the repurchase of shares;
- the impact of our indebtedness, our access to cash and financing, and our ability to secure financing or financing at attractive rates;
- litigation involving contract, intellectual property, competition, shareholder, and other matters, and governmental investigations;
- our ability to timely and effectively implement our business transformation plan, which is intended to increase operating efficiency and improve our global cost structure, while limiting or mitigating business disruption; and
- the ability of our significant stockholders and their affiliates to significantly influence our decisions.

There may be other factors that may cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You should carefully read the factors described elsewhere in this document under "Risk Factors" in Part I, Item 1A in this Annual Report on Form 10-K for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Annual Report on Form 10-K, even if subsequently made available by us on our website or otherwise, and are expressly qualified in their entirety by the cautionary statements

included in this Annual Report on Form 10-K. We disclaim any obligation to update or revise forward-looking statements that may be made to reflect new information or future events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

The following discussion should be read in conjunction with our consolidated and combined financial statements and accompanying notes thereto included elsewhere herein. In this Annual Report on Form 10-K, all references to "we," "our," and "us" refer collectively to CDK and its consolidated subsidiaries.

Item 1. Business

Our Company

We are a leading global provider of integrated information technology and digital marketing solutions to the automotive retail and adjacent industries. Focused on enabling end-to-end automotive commerce, we provide solutions to dealers in more than 100 countries around the world, serving approximately 28,000 retail locations and most original equipment manufacturers ("OEMs"). We have over 40 years of history providing innovative solutions to automotive retailers and OEMs to better manage, analyze, and grow their businesses. Our solutions automate and integrate all parts of the buying process from targeted digital advertising and marketing campaigns to the sale, financing, insuring, parts supply, repair, and maintenance of vehicles. We believe the breadth of our integrated solutions allows us to more comprehensively address the varied needs of automotive retailers than any other single competitor in our industry.

Effective July 1, 2016, we executed a comprehensive plan to streamline our organization that will enable us to deliver an improved customer experience, create significant efficiencies, and better align us to implement our business transformation plan. Refer to “Business Transformation Plan” under Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on our business transformation plan. The organizational changes included integrating product management, combining the Digital Marketing and Automotive Retail North America operations into a single organization, creating a single North America sales organization, and forming a global research and development organization.

In connection with this reorganization, the Company reorganized into two main operating groups, and our operating segments have changed. The Company's first operating group is CDK North America which is comprised of two reportable segments, Retail Solutions North America and Advertising North America. The second operating group, which is also a reportable segment, is CDK International.

Our History and Our Spin-off from ADP

We were the Dealer Services business of Automatic Data Processing, Inc. ("ADP"). In 1972, Dealer Services became ADP's third major business unit, offering accounting, service, management, and inventory processing services to automotive retailers. We have since expanded our role in the industry to encompass the full automotive retail value chain by developing integrated Dealer Management Systems (“DMSs”) and other solutions that help retailers manage and grow their businesses. In 2005, we expanded our international footprint through our acquisition of Kerridge Computer Company Limited ("Kerridge"), which provided us with a multi-country DMS platform in Europe, the Middle East, Asia, Africa, and Latin America and has become the basis for our international business. In 2010, we acquired Cobalt, a leading provider of automotive digital marketing solutions, which has enabled us to solidify and expand our digital marketing and digital advertising capabilities.

On April 9, 2014, the board of directors of ADP approved the spin-off of the Dealer Services business. On September 30, 2014, the spin-off became effective and ADP distributed 100% of the common stock of the Company to the holders of record of ADP's common stock as of September 24, 2014 (the "spin-off").

Operating Segments

Retail Solutions North America

Through our Retail Solutions North America ("RSNA") segment, we provide technology-based solutions, including automotive website platforms, that help automotive retailers, OEMs, and other industry participants manage the acquisition, sale, financing, insuring, parts supply, repair, and maintenance of vehicles. Our solutions help our customers streamline their operations, better target and serve their customers, and enhance the financial performance of their retail operations. In addition to providing solutions to retailers and manufacturers of automobiles, we also provide solutions to retailers and manufacturers of heavy trucks, construction equipment, agricultural equipment, motorcycles, boats, and other marine and recreational vehicles.

Advertising North America

Through our Advertising North America ("ANA") segment, we provide advertising solutions, including management of digital advertising spend, for OEMs and automotive retailers. These solutions provide a coordinated offering across multiple marketing channels to help achieve customer marketing and sales objectives and coordinate execution between OEMs and their retailer networks.

CDK International

Through our CDK International ("CDKI") segment, we provide technology-based solutions similar to the retail solutions provided in our Retail Solutions North America segment in approximately 100 countries outside of the United States ("U.S.") and Canada. The solutions that we provide within this segment allow our customers to streamline their business operations and enhance their financial performance within their local marketplace, and in some cases where we deal directly with OEMs, across international borders. Customers of this segment include automotive retail dealers and OEMs across Europe, the Middle East, Asia, Africa, and Latin America.

Refer to "Analysis of Reportable Segments" within "Results of Operations" under Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 18, "Financial Data by Segment" to our consolidated and combined financial statements under Item 8 of Part II of this Annual Report on Form 10-K for financial information regarding our operating segments and geographic areas.

Products and Services

When we refer to "Retail Solutions," we are referring to our Retail Solutions North America and CDK International operating segments, and when we refer to "Advertising," we are referring to our Advertising North America operating segment.

Retail Solutions

Customers

We serve a broad and diverse customer base in the automotive retail industry. Our customers include most major OEMs and a significant number of their associated franchised retail locations. Our customer base also includes lenders, aftermarket providers, and other service and information providers to the automotive retail industry.

Automotive Retailers. We primarily serve franchised and independent automotive retailers in North America and internationally. We work with the following types of automotive retail organizations:

- *Public Franchised Automotive Retail Groups* - customers in this group are publicly traded companies that own multiple automotive retail locations and have multiple franchises;
- *Private Franchised Automotive Retail Groups* - customers in this group own two or more automotive retail locations consisting of two or more franchises;
- *Private Single-Location Franchised Automotive Retailers* - customers in this group own and manage a single automotive retail location consisting of one or more franchises;
- *OEM Company-Owned Retail Locations* - customers in this group are OEMs that own and operate one or more automotive retail locations; and
- *Independent Used Car Retailers* - customers in this group own and manage one or more retail locations. Independent used car retailers do not have OEM franchises for new vehicle sales and authorized services and instead sell only used cars and related financing, insurance, parts, repair, and maintenance services.

OEMs. We directly sell data management, business intelligence, benchmarking, and DMS integration services to OEMs. In addition, we coordinate with OEMs to offer, on either a mandatory or elective basis, branded and/or endorsed solutions for their associated franchised automotive retail networks.

Other Application, Service, and Information Providers. Through the CDK partnership program for our Drive DMS solution in North America, we enable third-party application and service providers to deliver their solutions more broadly into our DMS customer base.

Services

The following table includes a list and summary description of the primary solutions we provide as part of our Retail Solutions businesses.

Solutions	Description
Dealer Management Systems	Integrated suite of features and services to manage the information systems and process workflows involved in running automotive retail operations
Vehicle Sales Solutions [(1)(2)]	Technology tools and services to streamline the entire vehicle inventory, sales, and finance and insurance ("F&I") process
Fixed Operations Solutions [(1)(2)]	Solutions to manage the parts and service profit center of dealerships, including customer targeting appointment scheduling, on-site workflow and billing
Customer Relationship Management Solutions [(1)(3)]	A system that manages interactions with current and prospective customers
Financial Management Solutions [(1)(3)]	Value-added capabilities for accounts payable, payments, and payroll
Document Management Solutions [(1)(3)]	Document creation and archiving solutions to address the complex automotive retail sales process
Network Management Solutions [(1)(2)]	Wired and wireless network solutions to support dealer connectivity and security efforts
Integrated Telephony Management Solutions [(1)(3)]	Integrated telephony solutions that allow automotive retailers to connect and communicate via presence, instant messaging, voice, and video
Data Management & Business Intelligence Solutions [(1)(2)]	Solutions to extract, cleanse, normalize, enhance, and distribute data and to provide actionable insights
Implementation and Training Solutions [(3)]	Solution delivery and configuration services and development of end user utilization skills and productivity
Customer Support [(1)(3)]	Full range of support services
Professional Services [(1)(2)]	Consulting services that provide in-depth analysis and recommendations on optimizing retail operations
Websites [(2)(4)]	Proprietary internet content delivery platform

(1) Indicates solutions that may be integrated into our DMS.
(2) Indicates solutions that may be implemented as a stand-alone product or solution without the core DMS.
(3) Indicates solutions that require purchase of our DMS.
(4) Websites are not currently offered by our CDK International segment.

Dealer Management Systems

Our DMSs form the core of our retail offerings and generate a substantial portion of our revenues for those businesses. DMSs are enterprise technology solutions that provide an integrated suite of features and services that enable our customers to manage the information systems and process workflows involved in running automotive retail operations. These DMSs facilitate the sale of new and used vehicles, consumer financing, repair and maintenance services, and vehicle and parts inventory management. Additionally, these solutions enable company-wide accounting, financial reporting, cash flow management, and payroll services. Our DMSs are typically integrated with OEM data processing systems that enable automotive retailers to order vehicles and parts, receive vehicle records, process warranties, and check recall campaigns and service bulletins while helping them to fulfill their franchisee responsibilities to their OEM franchisors.

Vehicle Sales Solutions

Our full suite of Vehicle Sales Solutions helps automotive retailers streamline the vehicle inventory, sales, and F&I process. Our solutions integrate new and used vehicle sales workflows with supporting services to deliver seamless and

streamlined retail transactions. Additionally, we provide automotive retailers with tools to help them purchase, stock, and price new and used vehicle inventory. At the conclusion of a retail sales transaction, our majority-owned subsidiary, Computerized Vehicle Registration, Inc. ("CVR"), enables certain of our retailer customers in the U.S. to register sold vehicles with the appropriate state department of motor vehicles. Our Vehicle Sales Solutions are designed to be integrated with the automotive retailer's DMS.

Fixed Operations Solutions

Our Fixed Operations Solutions help automotive retailers create and manage new service sales leads, reduce the effort required to manage those leads, and communicate with their customers through multiple channels (including e-mail, text, voice, mobile, and direct mail). Because vehicle repair and maintenance services are a vital element of our customers' revenue and profit streams, we enable automotive retailers to manage the entire workflow in the parts, and repair and maintenance profit centers. Managing vehicle service activities helps automotive retailers strengthen their relationships with their customers and drive the profitability of a single vehicle sale beyond the original transaction. Our Fixed Operations Solutions work in conjunction with the automotive retailer's DMS.

Customer Relationship Management Solutions

Our Customer Relationship Management ("CRM") Solutions provide automotive retailers the ability to manage leads for vehicle sales, parts, and services while automating business development processes and managing marketing campaigns for current and prospective customers. We enable data warehouse technology to aggregate customer, vehicle, and transaction information in order to provide key performance indicators for the retailer. Our CRM Solutions work in conjunction with the automotive retailer's DMS.

Financial Management Solutions

We deliver true multi-company accounting capabilities in our North American and international DMSs. In addition to the finance and accounting capabilities in our DMSs, we provide value-added Financial Management Solutions for automotive retailers in North America to enable optimized capabilities for accounts payable, payments, and payroll. Our solutions are integrated with most of our DMSs in order to provide a unified user experience.

Document Management Solutions

Document Management Solutions address the needs of complex sales processes that require multiple certifications and contracts across our customers' retail operations. We are a single source to automotive retailers for laser document printing, custom and standard forms development, and scanning, storing, and archiving important automotive retail documents. We also provide electronic contracting and signature capabilities that comply with state and federal guidelines for automobile sales and financing.

Network Management Solutions

We offer a wide variety of wired and wireless network solutions to support retailer connectivity and security efforts. Our Network Management Solutions deliver the connectivity and dependability required for automotive retailers to conduct their operations while helping to protect their information systems from unauthorized access, use, disclosure, and disruption.

Integrated Telephony Management Solutions

We provide Integrated Telephony Solutions that allow automotive retailers to connect and communicate via presence, instant messaging, voice, and video. Our telephony service is a cloud-based solution that can help minimize costs, provide scale to match growing businesses, and deploy applications faster. Our Integrated Telephony Management Solutions are fully integrated with most of our DMSs, Vehicle Sales Solutions, Fixed Operations Solutions, and CRM Solutions.

Data Management and Business Intelligence Solutions

We provide an extensive portfolio of solutions that enable automotive retailers, OEMs, and other participants in the automotive retail industry to solve problems associated with the highly fragmented systems and data across the industry. Through an open exchange integrating capabilities, we help dealers increase sales, operational efficiency, and profitability. In conjunction with OEM or third-party sponsored programs (and with automotive retailer consent), we use our highly automated capabilities to extract data from various DMSs, which we then cleanse, normalize, and enhance to distribute to public and

private franchised automotive retail groups, OEMs, consumer-facing websites, and other industry participants. In addition, we provide data integration capabilities that link disparate industry systems and provide them with the ability to exchange data securely, reliably, and in real time. We work with a variety of service providers to integrate work flows, establish business rules, and maintain data integrity and security to allow dealers to run their business according to their unique needs. Many OEMs and other industry participants in North America utilize our data management solutions to process millions of transactions every month. As an extension of our data management capabilities, we also provide various capabilities in business intelligence, which help us to turn complex data into actionable insights for our customers.

Implementation and Training Solutions

Our Implementation and Training Solutions are designed to deliver and configure technology and to develop and enhance end user utilization skills and productivity. Better technology utilization helps our customers optimize business results faster.

Customer Support

We provide a full range of support services to our customers around the world. In many countries, customers can call a local support specialist or submit an inquiry online, respond to updates using web chat, find answers to hundreds of frequently asked questions, download documentation, and access important resources to help improve employee productivity and increase system utilization.

Professional Services

We provide consulting services to our customers, offering in-depth analysis and recommendations for optimizing automotive retail processes. We help customers increase revenue opportunities, reduce expenses, mitigate risks, and enhance customer sales transaction experiences in all areas of their retail business.

Websites

We offer a highly scalable, proprietary internet content delivery platform that delivers compelling, dynamic, personalized content to consumers on their device of choice in a manner that is coordinated across national, regional, and local entities. This platform provides the automotive retailer with greater flexibility, control, and results from their web presence while providing the OEM or automotive retailer network-wide visibility into marketing performance.

The content platform is offered with a range of value added solutions, such as advanced design customization and merchandising features, visitor personalization, premium search engine optimization, reputation management, and social media marketing. Our customers have the ability to tailor the platform to reflect their brand, marketing, and sales practices. With a wide variety of professional designs, our customers get a website that clearly and effectively communicates their brand and value proposition and differentiates them from the competition. We make it easy to add functionality and drive customer engagement through advanced “drag and drop” design tools, configurable functionality, and hundreds of third-party solutions that enable our customers to continue innovating and managing their digital storefront across desktop, tablet, and smartphone devices.

Website services include development, management and hosting of websites, and related consulting. These revenues are generally based on monthly contractual subscriptions.

Advertising

Customers

Our principal customers in our Advertising business are automotive retailers, automotive retailer associations, and OEMs with a particular focus in North America. We provide integrated marketing solutions for OEMs and their retail networks, as well as automotive retail groups. As a result, our customers are concentrated in the OEM brands for which we have OEM endorsements. This network strategy enables us to offer coordinated marketing solutions with higher performance and value to our customers, in turn increasing network penetration and reducing customer churn. Our most significant OEM customer is General Motors.

Services

We provide advertising solutions that allow retailers and OEMs to connect with customers and manage their brands. Our integrated advertising solutions help streamline the consumer's path to our customers' retail locations, linking advertising spend by OEMs, maximizing exposure for the retailers' message, and minimizing competitive distractions by giving buyers the information they need. We also provide search engine optimization services and social media marketing to round out a dealer's advertising footprint. We benefit from an intimate understanding of the modern consumer purchase journey and have deep insights into shopper behavior with what we believe is the industry's most comprehensive suite of advertising and predictive analytics solutions. As a result, we provide our customers with tangible and quantifiable business results, such as increased brand awareness and additional revenue, and consistently help them to improve their marketing return on investment.

Advertising revenues are based on contracted digital advertising spend levels from both automotive retailers and OEMs.

The following table includes a list and summary description of the solutions we provide as part of our Advertising business.

Solutions	Description
Advertising	Multi-channel advertising delivered through a proprietary advertising technology platform
Business Intelligence	Actionable insights delivered through advanced dashboards that use performance indicators
Marketing Services and Expertise	Advertising strategy consultancy and execution

Advertising

Our ANA segment provides solutions that help automotive retailers, automotive retailer associations, and OEMs to more effectively communicate and establish the first point of contact with in-market, prospective car buyers. Our advertising solutions are designed to optimize both (i) direct-response campaigns focused on generating specific consumer vehicle or repair and maintenance purchases or responses and (ii) brand campaigns geared towards lifting brand metrics. We conduct market research regularly to identify trends in the marketplace and understand shifting buyer preferences, which we translate into powerful insights for our customers. Our complete solution begins with an advertising service that allows our customers to amplify their brand awareness and manage online marketing campaigns. These multi-channel advertising packages can consist of a variety of media, such as paid search, display advertising, display re-marketing, mobile content, and campaign landing pages, among others.

Underlying these advertising services is a proprietary advertising technology platform designed for the unique structure of the automotive retail industry that dynamically adjusts content, spend, and bidding across multiple marketing channels to optimize retail sales outcomes. As one of the largest purchasers of automotive retail advertising inventory, we leverage our relationships with premium content providers, shopping destinations, and advertising channels, such as Amazon, Edmunds, Google, and Yahoo, to optimize both reach and value for our customers.

Business Intelligence

Our ANA segment employs business intelligence and data science professionals to develop insights and report on results from our proprietary data warehouse. These insights are delivered to our customers through advanced dashboards that use performance indicators that we believe are better correlated with sales outcomes than current standard industry practice. These insights are also used to develop models for our website and advertising execution, which optimize advertising return on investment for all of our customers. Additionally, we develop proprietary analytic models with high predictive value to inform our OEM customers of opportunities to improve their future business performance.

Marketing Services and Expertise

We provide advertising strategy consultancy and execution for our advertising customers through marketing professionals who proactively engage our retailer customers, complementing their organizations with cost-effective outsourced digital marketing expertise from merchandising, and promotion through brand strategy. These services are both contracted by

OEMs on behalf of their retailer networks and by retailers to supplement their internal resources and are an important contributor to customer satisfaction and retention.

Product Development

Our ability to bring new solutions to market and to develop or acquire the data and technology that enables these solutions is important to our continued success. In our fiscal years ending June 30, 2017 ("fiscal 2017"), June 30, 2016 ("fiscal 2016"), and June 30, 2015 ("fiscal 2015"), we spent $150.0 million, $161.0 million, and $170.1 million, respectively, to research, develop, and deploy new and enhanced solutions for our customers. Our research and development function is centrally managed to increase collaboration and deploy critical capabilities globally to leverage scale.

Sales and Marketing

Our sales and marketing functions are managed and organized to provide local agility and expertise. We organize, locate, and manage our sales professionals in discrete territories in our targeted geographies. Our sales teams focus specifically on OEM and dealer relationships.

- *OEM Relationships*—we have a team of professionals assigned to establish relationships with automotive OEMs, sell our solutions, and manage our relationships beyond the initial sale, with targets for account performance and satisfaction.

- *Public Franchised Automotive Retail Groups, Private Franchised Automotive Retail Groups, Private Single-Location Automotive Retailers, OEM Company-Owned Retail Locations, and Independent Used Car Retailers*—we target these automotive retailers through our sales force and marketing programs to drive demand generation and ensure retention. We operate this way in North America and internationally.

Our sales strategy leverages our existing customer relationships to enable us to offer additional solutions that help make our customers more competitive.

Though our business is not highly cyclical, it is seasonal. Our revenues experience volatility around seasonal consumer vehicle shopping activity. We address this seasonality in sales by establishing annual quotas for each of our sales professionals. While this volatility is experienced throughout the industry, it is amplified in our Advertising business where advertising spend may vary significantly throughout the year given the increasing importance to OEMs and automotive retailers of capturing buyer attention during certain seasonal periods and major events such as the launch of a new vehicle model.

Our marketing group structure is built to provide insight into product development, communications, and branding to ensure we grow brand equity and competitive positioning in the market. This group focuses on market research and analysis, developing new sales opportunities through a range of marketing communications including campaigns and trade exhibitions, and the positioning and branding of our solutions in the markets that we serve.

Competition

Our industry is highly competitive and fragmented. We compete with a broad and diverse range of information, technology, services, and consulting companies, as well as with the in-house capabilities of OEMs. Our competitors range from local providers to regional and global competitors. However, we believe that no competitor provides the same combination of geographical reach and breadth of solutions that we do.

In our Retail Solutions businesses, our competitors vary by capabilities within the automotive retail value chain. They include:

- DMS providers, including The Reynolds and Reynolds Company ("Reynolds and Reynolds"), Dealertrack (Cox Automotive), Incadea (Cox Automotive), Auto/Mate, AutoSoft, and various local and regional providers globally;

- sales, marketing inventory, and F&I software and service providers, including Dealertrack (Cox Automotive), First Look, Market Scan Information Systems, StoneEagle Group, vAuto (Cox Automotive), VinSolutions (Cox Automotive), and various local and regional providers globally;

- providers of vehicle electronic registration solutions that compete with CVR, including ELS, MVSC, TitleTec, and triVIN (Cox Automotive); and

- providers of web-based automotive finance credit applications and eContracting processors that compete with our Open Dealer Exchange joint venture with Reynolds and Reynolds, including Dealertrack (Cox Automotive) and RouteOne.

The most significant competitive factors that we face in our Retail Solutions businesses are price, brand, breadth of features and functionality, scalability, and service capability.

The primary competitors of our advertising and website solutions for OEM network endorsements are Dealer.com (Cox Automotive), AutoTrader.com (Cox Automotive), Kelly Blue Book (Cox Automotive), Dominion Enterprises, and Naked Lime (Reynolds and Reynolds). Several hundred specialty vendors and agencies offer website, digital marketing, and third-party applications that can be alternatives to our services with individual automotive retailers and groups. We also compete with traditional marketing channels, such as print, radio, and television, for a share of the automotive retailer's marketing budget. The most significant competitive factors that we face are brand, breadth of features and functionality, scalability, and service capability.

Regulation

The automotive retail industry is highly regulated and automotive retailers and OEMs are subject to a broad array of complex regulations governing virtually every aspect of their operations. Our customers must ensure their compliance with their regulatory requirements, and, in turn, we must ensure that our solutions effectively address their regulatory compliance needs.

Privacy and Data Security Laws

We are subject to a number of federal, state, and foreign laws and regulations regarding data governance and the privacy and protection of personal data. For example, under the Gramm-Leach-Bliley Act (the "GLB Act"), automotive retailers are generally deemed to be regulated financial institutions and therefore are subject to the GLB Act and applicable regulations, including the Federal Trade Commission's ("FTC") Privacy Rule and Safeguards Rule. In our capacity as a service provider to automotive retailers, we generally commit to our customers that we will process and use non-public personal information, such as information regarding their customers that we process in their DMS, consistent with the GLB Act and the related regulations. Similarly, many U.S. states and foreign jurisdictions have adopted regulations that require notification to individuals and/or governmental authorities of a security breach relating to their sensitive personal data or that mandate minimum security standards with respect to the handling and transmission of such data. For a discussion of privacy and data security regulation and the potential impacts on our business, see "Risk Factors—Risks Relating to Our Business—Changes in regulations or consumer concerns regarding privacy and protection of consumer data, or any failure to comply with privacy and data protection obligations, could negatively impact our business, results of operations, and financial condition."

Regulation

Because our business delivers solutions across a broad spectrum of automotive retailer operations, our activities are impacted by a wide variety of federal, state, local, and international laws and regulations. Central to the value of our Document Management Solutions, for example, is that the forms we provide for our customers meet the requirements of their applicable laws. Likewise, within our Vehicle Sales Solutions, our CVR service is dependent on our compliance with complex and detailed regulatory requirements. Across our portfolio of automotive retail solutions, we are focused on ensuring that we meet our regulatory compliance obligations and that our solutions enable our customers to comply with the laws and regulations applicable to them. See "Risk Factors—Risks Relating to Our Business—We are directly and indirectly subject to, and impacted by, extensive and complex regulation in the U.S. and abroad, and new regulations and/or changes to existing regulations may negatively impact our business, results of operations, and financial condition," for additional information regarding the application and impact of laws and regulations on our operations.

Our customers must comply with an array of state and local laws specific to the advertising of automobiles, finance and insurance, and related services. The advertising of automobile financing in the U.S. is generally subject to the federal Truth in Lending Act and attendant regulations, while the advertising of consumer automobile leases is subject to similar regulations under the Consumer Leasing Act and enabling regulations. In each case, the regulations prescribe the information, such as payment amount, payment period, term, and interest rate, to be disclosed to a consumer in connection with the advertising of vehicle financing or a vehicle lease. Similarly, state and local laws establish requirements with respect to the advertising of vehicles and vehicle attributes, from the required elements of pricing information to the presentation of fuel efficiency data.

Some of our solutions include email marketing as a component, which is governed by a variety of U.S. federal, state, and foreign laws and regulations. In the U.S., for example, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act") establishes requirements, such as mandatory opt-out mechanisms, for the distribution of “commercial” email messages for the primary purpose of advertising or promoting commercial products or services and provides for criminal and civil penalties for failure to comply. Individual states as well as some foreign jurisdictions, such as Australia, Canada, and the European Union, have also enacted laws that regulate sending commercial email, some of which are more restrictive than the CAN-SPAM Act.

As with the majority of our solutions, the compliance obligation lies with our customers and, in purchasing our solutions, our customers agree to use our services in compliance with applicable laws. Nonetheless, we strive to ensure that our solutions enable our customers to achieve and maintain that compliance.

Employees

As of June 30, 2017, we had a total of approximately 8,900 full-time employees worldwide. None of our employees is represented by a collective bargaining agreement. We believe that relations with our employees are good.

Available Information

We electronically file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, and proxy statements, with the Securities Exchange Commission (“SEC”). The SEC maintains an internet address at http://www.sec.gov that contains reports, proxy statements and information statements, and other information, which you may obtain free of charge. In addition, our corporate website, www.cdkglobal.com, provides materials for investors, information about our services and copies of our filings with the SEC. Access to these filings is free of charge. The content on any website referenced in this filing is not incorporated by reference into this filing unless expressly noted.

Item 1A. Risk Factors

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10-K. Based on the information currently known to us, we believe that the following information identifies the risk factors that could materially affect our business, results of operations and financial condition. However, the risks and uncertainties described below are not the only risks and uncertainties facing us; our business is also subject to general risks and uncertainties that affect many other companies, and may be subject to additional risks and uncertainties not currently known to us or that we currently believe to be immaterial, and such risks and uncertainties may have a material adverse effect on our business, results of operations and financial condition. If any of the following risks and uncertainties develop into actual events, they could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to Our Business

We may not be able to continue to compete effectively against other providers of technology solutions to automotive retailers, OEMs, and other participants in the automotive retail industry.

Competition among automotive retail solutions and advertising solutions providers is intense. The industry is highly fragmented and subject to changing technology, shifting customer needs, and frequent introductions of new solutions. We have a variety of competitors both for our integrated solutions and for each of our individual solutions. For example:

- our automotive retail solutions compete with providers of automotive retailing technology solutions, such as Reynolds and Reynolds, Cox Automotive (Dealertrack, Autotrader.com, and others), RouteOne LLC, and Dominion Enterprises; and

- our advertising and website solutions compete with providers of automotive digital marketing/advertising solutions, such as Cox Automotive, Dominion Enterprises, and Reynolds and Reynolds.

Our competitors may be able to respond more quickly or effectively to new or emerging technologies and changes in customer demands or to devote greater resources to the development, promotion, and sale of their solutions than we can to ours. We expect the industry to continue to attract new competitors and new technologies, possibly involving alternative technologies that are more sophisticated and cost-effective than our solutions. There can be no assurance that we will be able to compete successfully against current or future competitors or that the competitive pressures we face will not have a material adverse effect on our business, results of operations, and financial condition.

Market trends influencing the automotive retail industry could have a negative impact on our business, results of operations, and financial condition.

Market trends that negatively impact the automotive retail industry may affect our business by reducing the number and/or size of actual or potential customers or the money that actual or potential customers are willing or able to spend on our solution portfolio. Such market factors include:

- the adverse effect of long-term wage stagnation on the purchasing power of vehicle purchasers and the number of vehicle purchasers;

- pricing and purchase incentives for vehicles;

- disruption in the available inventory of vehicles;

- disruption in the retail automobile dealership model, including potential disintermediation by emerging business models;

- market oversupply of vehicles and declining used-vehicle pricing;

- the expectation that consumers will be purchasing fewer vehicles overall during their lifetime as a result of better quality vehicles and longer warranties and the development of shared-use mobility;

- the cost of gasoline and other forms of energy;

- the availability and cost of credit to finance the purchase of vehicles and excess negative equity in existing vehicle loans;
- increased federal and other taxation; and
- reductions in business and consumer confidence.

Such market trends could have a material adverse effect on our business, results of operations, and financial condition.

Market acceptance of and influence over our products and services, particularly of our advertising and website solutions, is concentrated in a limited number of automobile OEMs and consolidated retailer groups, and we may not be able to maintain or grow these relationships.

Although the automotive retail industry is fragmented, a relatively small number of OEMs, consolidated retailer groups and retailer associations exert significant influence over the market acceptance of automotive retail products and services due to their concentrated purchasing activity, their endorsement or recommendation of specific products and services and/or their ability to define technical standards and certifications. For example, our DMSs are certified to technical standards established by OEMs and certain of our products and services are provided pursuant to OEM-designated endorsement or preferred vendor programs. While automotive retailers are generally free to purchase the solutions of their choosing, when an OEM has endorsed or certified a provider of products or services to its associated franchised automotive retailers and if our solutions lack such certification or endorsement, adoption or retention of our products and services among the franchised dealers of such OEM could be materially impaired.

Some of our products, such as our advertising and website solutions, are primarily sold to or through OEMs and depend on us maintaining strong relationships with those OEMs. Our advertising and website solutions are primarily marketed and delivered through programs sponsored or endorsed by OEMs, the most significant of which is General Motors. We generated approximately 11% of our consolidated revenues from General Motors and its global affiliates during the fiscal year ended June 30, 2017, and as of June 30, 2017, General Motors accounted for 14% of our accounts receivable. OEM switching costs for advertising and website solutions are generally low and our agreements with such customers generally may be terminated by each OEM on short notice or without cause, do not automatically renew upon expiration and have no minimum volume or payment requirements. In addition, if renewed, such agreements may shift from exclusive to multi-vendor relationships. The termination, or renewal on less beneficial terms, of one or more of these relationships, changes in our customers' advertising budget allocations or marketing strategies, or a change in the economy could result in a decline in the level of advertising and website services that they purchase from us, which in turn could have a material adverse effect on our business, results of operations, and financial condition.

We may be unable to develop and bring products and services in development to market, or bring new products and services to market in a timely manner or at all.

Our success depends in part upon our ability to bring to market new products and services, and enhancements thereto that address evolving customer demands. For example, our advertising and website solutions must effectively address the market shift to mobile technology. The time, expense, and effort associated with developing and offering new and enhanced products and services may be greater than anticipated. The length of the development cycle varies depending on the nature and complexity of the product, the availability of development, product management, and other internal resources and the role, if any, of strategic partners. If we are unable to develop and bring to market additional products and services, and enhancements thereto, in a timely manner, or at all, we could lose market share to competitors who are able to offer these new products and services, which could have a material adverse effect on our business, results of operations, and financial condition.

Our failure or inability to execute any element of our business strategy, including our business transformation plan, could negatively impact our business, results of operations, or financial condition.

Our business, results of operations, and financial condition depend on our ability to execute our business strategy, which includes the following key elements:

- executing on our business transformation plan;
- deepening relationships with our existing customer base;
- continuing to expand our customer base;

- strengthening and extending our solutions portfolio;
- driving additional operational efficiency; and
- selectively pursuing strategic acquisitions.

We may not succeed in implementing a portion or all of our business strategy, and even if we do succeed, our strategy may not have the favorable impact on our business, results of operations, or financial condition that we anticipate. We may not be able to effectively manage the expansion of our business or achieve the rapid execution necessary to fully avail ourselves of the market opportunity for our solution portfolio. If we are unable to adequately implement our business strategy, our business, results of operations, and financial condition could suffer a material adverse effect.

We may experience difficulties, delays, or unexpected costs and not achieve anticipated benefits and savings from our business transformation plan.

During fiscal 2015, we initiated a business transformation plan described under "Business Transformation Plan" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We may not realize, in full or in part, the anticipated benefits and savings from the business transformation plan due to unforeseen difficulties, delays, or unexpected costs, which may adversely affect our business and results of operations, and even if the anticipated benefits and savings are substantially realized, there may be consequences or business impacts that were not expected.

We are dependent on our key management, direct sales force, and technical personnel for continued success.

Our global senior management team is concentrated in a small number of key members, and our future success depends to a meaningful extent on the services of our executive officers and other key team members, including members of our direct sales force and technology staff. Generally, our executive officers and employees can terminate their employment relationship at any time. The loss of any key employees or our inability to attract or retain other qualified personnel could materially harm our business and prospects.

Effective succession planning is important to our long-term success. We completed the reorganization of our business structure on July 1, 2016, as part of our ongoing business transformation plan, which resulted in a number of leadership changes. Disruptions in the transition or reorganization could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect our ability to attract and retain other key executives.

Competition for qualified leadership and technical personnel in the technology industry is intense, and we compete for leadership and technical personnel with other technology companies that have greater financial and other resources than we do. Our future success will depend in large part on our ability to attract, retain, and motivate highly qualified leadership and technical personnel, and there can be no assurance that we are able to do so. Any difficulty in hiring or retaining needed personnel, or increased costs related thereto, could have a material adverse effect on our business, results of operations, and financial condition.

Real or perceived errors or failures in our software and systems could negatively impact our results of operations and growth prospects.

We depend upon the sustained and uninterrupted performance of numerous proprietary and third-party technologies to deliver our solution portfolio. If one or more of those technologies cannot scale to meet demand, or if there are errors in our execution of any feature or functionality using any such technologies, then our business may be harmed. Because our software is often complex, undetected errors and failures may occur, especially when new versions or updates are made. Despite testing by us, errors or bugs in our solutions may not be found until the software or service is in active use by us or our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our solutions, which could result in customer dissatisfaction and adversely impact the perceived utility of our solutions as well as our brand. Any of these real or perceived errors, failures, or bugs could result in negative publicity, reputational harm, loss of or delay in market acceptance of our solutions, loss of competitive position or claims by customers for losses sustained by them, all of which, along with the costs of responding to such effects, may have a material adverse effect on our business, results of operations, and financial condition.

Our systems may be subject to security breaches.

We handle substantial amounts of confidential information, including personal information of consumers. Our success depends on the confidence of OEMs, dealers, lenders, major credit reporting agencies and other data providers, and other users

of (or participants in) our solutions in our ability to store, process, and transmit this confidential information securely (whether over the internet or otherwise), and to operate our computer systems and operations without significant disruption or failure. These computer systems periodically experience directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse, or theft of data. While security measures are in place, concerns over the security of third-party data that we store, process, and transmit, which may be heightened by any well-publicized compromise of security, may deter customers from using our solution portfolio and/or deter vendors from providing their solutions to us. Moreover, if our security measures are materially breached and unauthorized access is obtained to confidential information, our solutions may be perceived as not being secure and our customers may curtail or stop using our solutions and/or vendors may curtail or stop providing their solutions to us. Any failure of, or lack of confidence in, the security of our solutions could have a material adverse effect on our business, results of operations, and financial condition. Despite our focus on data security, we may not be able to stop unauthorized attempts to gain access to data that we store and process, or to stop disruptions in the transmission or provision of data and communications or other data by us. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments could result in a compromise or breach of the controls used by our solutions to protect data contained in our, our customers' and/or our vendors' databases and the information being stored, transferred, or processed. While warranties and liabilities are limited to data and system security in our customer and vendor contracts, they or other third parties may seek to hold us liable for any losses suffered as a result of unauthorized access to their confidential information or non-public personal information of consumers. In addition, while effort has been expanded to have insurance to cover these losses, we may be required to expend significant capital and other resources to protect against security breaches, and/or to alleviate any problems caused by actual or threatened security breaches. Our security measures may not be sufficient to prevent security breaches, and any failure to prevent security breaches and/or to adequately alleviate any problems caused by security breaches could have a material adverse effect on our business, results of operations, and financial condition.

Our networks, systems, and infrastructure may be vulnerable to interruptions or failure.

From time to time, we have experienced, and may experience in the future, network or system slowdowns and interruptions. These network and system slowdowns and interruptions may interfere with our ability to do business. While the appropriate upgrades to various systems, shoring up backup processes and other measures to protect against data loss and system failures have been implemented and tested, there is still risk that we may lose critical data or experience network failures.

Despite the resiliency plans and facilities we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses. This may include a disruption involving electrical, satellite, undersea cable or other communications, internet, transportation or other services facilities used by us or third parties with which we conduct business. These disruptions may occur as a result of events that affect only our buildings or systems or those of such third parties, or as a result of events with a broader impact globally, regionally or in the cities where those buildings or systems are located, including, but not limited, to natural disasters, war, civil unrest, economic or political developments, pandemics, and weather events.

Such network, system or infrastructure failures or disruptions may result in lost revenue opportunities for our customers, which could result in litigation against us or a loss of customers. Additionally, we have service level agreements with certain of our customers that may result in penalties or trigger cancellation rights in the event of a network or system slowdown or interruption. Any of these could have a material adverse effect on our business, results of operations, and financial condition.

Changes in regulations or consumer concerns regarding privacy and protection of consumer data, or any failure to comply with privacy and data protection obligations, could negatively impact our business, results of operations, and financial condition.

Federal laws and regulations governing privacy and security of consumer information generally apply to our customers and/or to us as a service provider. These include, but are not limited to, the federal Fair Credit Reporting Act, the GLB Act and regulations implementing its information safeguarding requirements, the Junk Fax Prevention Act of 2005, the CAN-SPAM Act, the Telephone Consumer Protection Act, the Do-Not-Call-Implementation Act, applicable Federal Communications Commission (the "FCC") telemarketing rules, and the FTC Privacy Rule, Safeguards Rule, Consumer Report Information Disposal Rule, Telemarketing Sales Rule, Risk-Based Pricing Rule, and Red Flags Rule. Laws of foreign jurisdictions, such as the European Union's ("EU") Data Protection Directive, and the country-specific regulations that implement that directive, similarly apply to our collection, processing, storage, use, and transmission of protected data.

In addition, many U.S. and foreign jurisdictions have passed, or are currently contemplating, a variety of consumer protection, privacy, and data security laws and regulations that may relate to our business. For example, on April 14, 2016, the

European Parliament formally adopted the General Data Protection Regulation (the "GDPR"), which will supersede the existing Data Protection Directive of 95/46/EC in 2018. The GDPR imposes more stringent operational requirements for entities processing personal information and greater penalties for noncompliance. We may need to make adjustments to our operations in Europe to comply with new requirements contained in the GDPR or to address client concerns related to the GDPR, and any such measure may result in costs and expenses, and any failure to meet the requirements of the GDPR may result in significant fines, penalties, or other liabilities. In the U.S., some state legislatures and regulatory agencies have imposed, and others may impose, greater restrictions on the disclosure of the data we collect, use or transmit than are already contained in federal laws such as the GLB Act and its implementing regulations or the FTC rules described above. Similarly, it is possible that in the future, U.S. and foreign jurisdictions may adopt legislation or regulations that impair our ability to effectively track consumers' use of our advertising services, such as the FTC's proposed "Do-Not-Track" standard or other legislation or regulations similar to EU Directive 2009/136/EC, commonly referred to as the "Cookie Directive," which directs EU member states to ensure that accessing information on an internet user's computer, such as through a cookie, is allowed only if the internet user has given his or her consent.

The costs and other burdens of compliance with privacy and data security laws and regulations could negatively impact the use and adoption of our solutions and reduce overall demand for them. Additionally, concerns regarding data privacy may cause our customers, or their customers and potential customers, to resist providing the data necessary to allow us to deliver our solutions effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our solutions and any failure to comply with such laws and regulations could lead to significant fines, penalties or other liabilities. Any such decrease in demand or incurred fines, penalties or other liabilities could have a material adverse effect on our business, results of operations, and financial condition.

We are directly and indirectly subject to, and impacted by, extensive and complex regulation in the U.S. and abroad, and new regulations and/or changes to existing regulations may negatively impact our business, results of operations, and financial condition.

Our business is directly and indirectly subject to, and impacted by, numerous U.S. and foreign laws and regulations covering a wide variety of subject matters. Compliance with complex foreign and U.S. laws and regulations that apply to our operations increases our costs and may impede our competitiveness. In addition, failure to comply with such laws or regulations may result in the suspension or termination of our ability to do business in applicable jurisdictions or the imposition of civil and criminal penalties, including fines or exposure to civil litigation.

In addition to the data privacy and security laws and regulations mentioned above, our business is also directly or indirectly governed by domestic and international laws and regulations relating to issues such as telecommunications, antitrust or competition, employment, vehicle registration, advertising, taxation, consumer protection, and accessibility. We must also comply with anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and local laws prohibiting corrupt payments to governmental officials and private entities, such as the U.K. Anti-Bribery Act. The application of this framework of laws and regulations to our business is complex and, in many instances, is unclear or unsettled, which in turn increases our cost of doing business, may interfere with our ability to offer our solutions competitively in one or more jurisdictions and may expose us and our employees to potential fines, penalties or other enforcement actions. In some cases, our customers may seek to impose additional requirements on our business in efforts to comply with their interpretation of their own or our legal obligations. These requirements may differ significantly from our existing solutions or processes and may require engineering and other costly resources to accommodate.

Our failure to comply, or to provide solutions that allow our customers to comply, with any of the foregoing laws and regulations could have a material adverse effect on our business, results of operations, and financial condition.

New legislation or changes in existing legislation regarding the internet may negatively impact our business.

Our ability to conduct, and our cost of conducting, our business may be negatively impacted by a number of legislative and regulatory proposals concerning various aspects of the internet, which are currently under consideration by federal, state, local, and foreign governments, administrative agencies such as the FTC, Consumer Financial Protection Bureau and the FCC, and various courts. These proposals include regulation of the following matters, among others: on-line content, user privacy, taxation, access charges and so-called "net-neutrality" liability of third-party activities and jurisdiction. Moreover, we do not know how existing laws relating to these or other issues will be applied to the internet. The adoption of new laws or the application of existing laws could decrease the growth in the use of the internet, which could in turn decrease the demand for our solutions that are provided via the internet, increase our costs of doing business or otherwise have a material adverse effect on our business, results of operations, and financial condition.

Our business operations may be harmed by events beyond our control.

Our business operations are vulnerable to damage or interruption from natural disasters, such as fires, floods and hurricanes, or from power outages, telecommunications failures, terrorist attacks, computer network service outages and disruptions, "denial of service" attacks, computer malware, break-ins, sabotage, and other similar events beyond our control. For example, the majority of our North American research and development activities, and the research and development and operations activities of our advertising business, are located near significant seismic faults in the Portland, Oregon and Seattle, Washington areas, respectively. The occurrence of any such event at any of our facilities or at any third-party facility utilized by us or our third-party providers could cause interruptions or delays in our business, loss of data, or could render us unable to provide our solution portfolio. In addition, any failure of a third-party to provide the data, products, services, or facilities required by us, as a result of human error, bankruptcy, natural disaster, or other operational disruption, could cause interruptions to our computer systems and operations. The occurrence of any of these events could have a material adverse effect on our business, results of operations, and financial condition.

We utilize certain key technologies, data, and services from, and integrate certain of our solutions with, third parties and may be unable to replace those technologies, data, and services if they become obsolete, unavailable, or incompatible with our solutions.

We utilize certain key technologies and data from, and/or integrate certain of our solutions with, hardware, software, services, and data of third parties, including Chrome Systems, TrueCar, Microsoft, Google, Yahoo, EMC, Cisco Systems, Kyocera, Experian, Equifax, TransUnion and others. Some of these vendors are also our competitors in various respects. These third-party vendors could, in the future, seek to charge us cost-prohibitive fees for such use or integration or may design or utilize their solutions in a manner that makes it more difficult for us to continue to utilize their solutions, or integrate their technologies with our solutions, in the same manner or at all. Any significant interruption in the supply or maintenance of such third-party hardware, software, services, or data could negatively impact our ability to offer our solutions unless and until we replace the functionality provided by this third-party hardware, software, and/or data. In addition, we are dependent upon these third parties' ability to enhance their current products, develop new products on a timely and cost-effective basis, and respond to emerging industry standards and other technological changes. There can be no assurance that we would be able to replace the functionality or data provided by third-party vendors in the event that such technologies or data becomes obsolete or incompatible with future versions of our solutions or are otherwise not adequately maintained or updated. Any delay in or inability to replace any such functionality could have a material adverse effect on our business, results of operations, and financial condition. Furthermore, delays in the release of new and upgraded versions of third-party software applications could have a material adverse effect on our business, results of operations, and financial condition.

We have customers in over 100 countries, where we are subject to country-specific risks that could negatively impact our business, results of operations, and financial condition.

During the twelve months ended June 30, 2017, we generated 19% of our revenues outside of the U.S., and we expect revenues from other countries to continue to represent a significant part of our total revenues in the future, and such revenues are likely to increase as a result of our efforts to expand our business in non-U.S. markets. Business and operations in individual countries are subject to changes in local government regulations and policies, including those related to tariffs and trade barriers, investments, taxation, currency exchange controls, repatriation of earnings (as described below) and environmental, and employment laws. For example, the referendum vote held in the U.K. on June 23, 2016 resulted in Brexit. Our results are subject to the uncertainties and instability in economic and market conditions caused by such vote, including uncertainty regarding the U.K.'s access to the EU Single Market and the wider trading, legal, regulatory, and labor environments, especially in the U.K. and EU. Our results are also subject to the difficulties of coordinating our activities across the countries in which we are active. In addition, our operations in each country are vulnerable to changes in local socio-economic conditions and monetary and fiscal policies, currency exchange rates, intellectual property protection disputes, the settlement of legal disputes through foreign legal systems, the collection of receivables through foreign legal systems, exposure to possible expropriation or other governmental actions, product preference and product requirements, difficulty to effectively establish and expand our business and operations in such markets, unsettled political conditions, possible terrorist attacks, acts of war, natural disasters, and pandemic disease. These and other factors relating to our international operations may have a material adverse effect on our business, results of operations, and financial condition.

Under the U.S. tax code, we may also be subject to additional taxation to the extent we repatriate earnings from our foreign operations to the U.S. In the event we require more capital in the U.S. than is generated by our U.S. operations to fund acquisitions or other activities and elect to repatriate earnings from foreign jurisdictions, our effective tax rate may be higher as a result.

Our business, results of operations, and financial condition could be harmed by negative rating actions by credit rating agencies.

Nationally recognized credit rating organizations have issued credit ratings relating to the company and our senior notes. In November 2016, our credit ratings were downgraded to non-investment grade. If our ratings are downgraded further or if ratings agencies indicate that a downgrade may occur, it could limit our access to new financing, reduce our flexibility with respect to working capital needs, adversely affect the market price of our senior notes, result in an increase in financing costs, including interest expense under certain of our debt instruments, and result in less favorable covenants and financial terms in our future financing arrangements. Any of these outcomes could also negatively impact our relationships with our customers or otherwise have a material adverse effect on our business, results of operations, and financial condition. See Note 13, "Debt" to our consolidated financial statements under Item 8 of Part II of this Annual Report on form 10-K for details about the terms of our debt.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, copyright, commercial, product liability, employment, class action, whistleblower, antitrust and other litigation and claims, in addition to governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

For more information regarding the litigation in which we are currently involved, see the information set forth under "Legal Proceedings" in Item 3 of Part I of this Annual Report on Form 10-K.

We may be unable to adequately protect, and we may incur significant costs in defending, our intellectual property and other proprietary rights.

Our success depends, in large part, on our ability to protect our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our team members and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. To the extent that our intellectual property and other proprietary rights are not adequately protected, third parties might gain access to our proprietary information, develop and market products and services similar to ours or use trademarks similar to ours. Existing U.S. federal and state intellectual property laws offer only limited protection. Moreover, the laws of some foreign countries in which we market our products and services afford little or no effective protection of our intellectual property. If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, and we may not prevail. The failure to adequately protect our intellectual property and other proprietary rights, or manage costs associated with enforcing those rights, could have a material adverse effect on our business, results of operations, and financial condition.

Claims that we or our technologies infringe upon the intellectual property or other proprietary rights of a third party may require us to incur significant costs, enter into royalty or licensing agreements, or develop or license substitute technology.

We have in the past and may in the future be subject to claims that our technologies in our products and services infringe upon the intellectual property or other proprietary rights of a third party. In addition, the vendors providing us with technology that we use in our own technology could become subject to similar infringement claims. Although we believe that our products and services do not infringe any intellectual property or other proprietary rights, we cannot assure you that our products and services do not, or that they will not in the future, infringe intellectual property or other proprietary rights held by others. Any claims of infringement could cause us to incur substantial costs defending against the claim, even if the claim is without merit, and could distract our management from our business. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts, obtain a license to continue to use the products and services that are the subject of the claim, and/or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license on commercially reasonable terms, or at all, from the third party asserting any particular claim, that we would be able to successfully develop alternative technology on a timely basis, if at all, or that we would be able to obtain a license from another provider of suitable alternative technology to permit us to continue offering, and our customers

to continue using, the products and services. In addition, we generally provide in our customer agreements for certain products and services that we will indemnify our customers against third-party infringement claims relating to technology that we provide to those customers, which could obligate us to pay damages if the products and services were ever found to be infringing. Infringement claims asserted against us, our vendors, or our customers could have a material adverse effect on our business, results of operations, and financial condition.

We have made strategic acquisitions and formed strategic alliances in the past and expect to do so in the future. If we are unable to find suitable acquisitions or alliance partners that strengthen our value proposition to customers or to achieve the expected benefits from such acquisitions or alliances, there could be a material adverse effect on our business, results of operations, and financial condition.

We have historically pursued growth through acquisitions, ranging from acquisitions of small start-up companies that provide a discrete application to a handful of customers, to acquisitions of substantial companies with more mature solutions and a larger customer base, such as our acquisition of Kerridge in 2005, which facilitated our international expansion, and our acquisition of Cobalt in 2010, which is the foundation of our advertising business. As part of our ongoing business strategy to expand solutions offerings, acquire new technologies, and strengthen our value proposition to customers, we frequently engage in discussions with third parties regarding, and enter into agreements relating to, possible acquisitions, strategic alliances, and joint ventures. However, there may be significant competition for acquisition, alliance, and joint venture targets in our industry, or we may not be able to identify suitable candidates or negotiate attractive terms for such transactions in the future.

Even if we are able to complete acquisitions or enter into alliances and joint ventures that we believe will provide attractive growth opportunities, such transactions are inherently risky. Significant risks from these transactions include risks relating to:

- integration and restructuring costs, both one-time and ongoing;
- developing and maintaining sufficient controls, policies, and procedures;
- diversion of management’s attention from ongoing business operations;
- establishing new informational, operational, and financial systems to meet the needs of our business;
- losing key employees, customers, and vendors;
- failing to achieve anticipated synergies, including with respect to complementary solutions; and
- unanticipated or unknown liabilities.

If we are not successful in completing acquisitions in the future, we may be required to reevaluate our acquisition strategy. We also may incur substantial expenses and devote significant management time and resources in seeking to complete acquisitions. In addition, we could use substantial portions of our available cash to pay all or a portion of the purchase prices of future acquisitions. If we do not achieve the anticipated benefits of our acquisitions as rapidly or to the extent anticipated by our management and financial or industry analysts, others may not perceive the same benefits of the acquisition as we do. If these risks materialize, there could be a material adverse effect on our business, results of operations, and financial condition.

Our future acquisitions may involve the issuance of our equity securities as payment, in part or in full, for the business or assets acquired, which would dilute our existing stockholders' ownership interests. Future acquisitions may also decrease our earnings and the benefits derived by us from an acquisition might not outweigh or exceed the dilutive effect of the acquisition. We also may incur additional indebtedness, issue equity, have future impairment of assets or suffer adverse tax and accounting consequences in connection with any future acquisitions.

We could be liable for contract or product liability claims, and disputes over such claims may disrupt our business, divert management’s attention, or have a negative impact on our financial results.

We provide limited warranties to purchasers of our products and services. In addition, errors, defects or other performance problems in our products and services, including with respect to data that we store, process and provide in connection with our products and services, could result in financial or other damages to our customers or consumers. There can be no assurance that any limitations of liability set forth in our contracts would be enforceable or would otherwise protect us from liability for damages. We maintain general liability insurance coverage, including coverage for errors and omissions in

excess of the applicable deductible amount; however, there can be no assurance that this coverage will continue to be available on acceptable terms, in sufficient amounts to cover one or more large claims or at all, or that the insurer will not deny coverage for any future claim. The successful assertion of one or more large claims against us that exceeds available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, results of operations, and financial condition. Furthermore, any litigation, regardless of its outcome, could result in substantial cost to us and divert management's attention from our operations and could have a material adverse effect on our business, results of operations, and financial condition. In addition, some of our products and services are business-critical for our customers, and a failure or inability to meet a customer's expectations could seriously damage our reputation and negatively impact our ability to retain existing business or attract new business.

Because we recognize revenue from our subscription-based products and services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.

We generally recognize revenue from sales of our subscription-based products and services ratably over the term of the subscription contract. As a result, the majority of our quarterly revenue is attributable to service contracts entered into during previous quarters. A decline in new or renewed service agreements in any one quarter will not be fully reflected in our revenue in that quarter but will harm our revenue in future quarters. Consequently, the effect of significant downturns in sales and market acceptance of our subscription services in a particular quarter may not be fully reflected in our operating results until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, because revenue from new subscription contracts, and from additional orders under existing subscription contracts, must be recognized over the applicable subscription term. In addition, delays or failures in deployment of our subscription services may prevent us from recognizing subscription revenue for indeterminate periods of time. Further, we may experience unanticipated increases in costs associated with providing our subscription services to customers over the term of our subscription contracts as a result of inaccurate internal cost projections or other factors, which may harm our operating results.

Changes in, or interpretations of, accounting principles may negatively impact our financial position and results of operations.

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). A change, or interpretations of, accounting principles can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective, including the potential impact of the adoption and implementation of the new accounting guidance on revenue recognition issued in May 2014 by the Financial Accounting Standards Board that will become effective for us beginning July 1, 2018. We expect to incur initial and ongoing costs to implement and maintain compliance with this new standard. Any difficulties in the implementation of the new accounting standard could hinder our ability to meet our financial reporting obligations. New pronouncements and varying interpretations of existing pronouncements have occurred with frequency and may occur in the future. Changes to existing rules, or changes to the interpretations of existing rules, could lead to changes in our accounting practices, and such changes could negatively impact our reported financial results or the way we conduct our business.

We may experience foreign currency gains and losses.

We conduct transactions and hold cash in currencies other than the U.S. dollar. Changes in the value of major foreign currencies, particularly the Canadian dollar, Euro, Pound Sterling, and Renminbi relative to the U.S. dollar, can significantly affect our assets, revenues, and operating results. Generally, our revenues are adversely affected when the dollar strengthens relative to other currencies and are positively affected when the dollar weakens. Similarly, cash, other bank deposits, and other assets held in foreign currency are adversely affected when the dollar strengthens relative to other currencies and are positively affected when the dollar weakens.

We may have exposure to unanticipated tax liabilities, which could harm our business, results of operations, financial condition, and prospects.

Our global business operations will subject us to income taxes as well as non-income based taxes, in both the U.S. and various foreign jurisdictions. The computation of the provision for income taxes and other tax liabilities is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment regarding the application of complicated rules governing accounting for tax provisions under GAAP. The provision for income taxes may require forecasts of effective tax rates for the year, which include assumptions and forward looking financial projections, including the expectations of profit and loss by jurisdiction. Various items cannot be accurately forecasted and future events may materially differ from our forecasts. Our provision for income tax could be materially impacted by a number of factors, including changes in the

geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and ability to indefinitely reinvest foreign earnings, changes in our ability to utilize foreign tax credits, changes to our transfer pricing practices, tax deductions associated with stock-based compensation, and changes in our need for deferred tax valuation allowances. For these reasons, our actual tax liabilities in a future period may be materially different than our income tax provision.

In addition, changes in tax laws or tax rulings may have a significant adverse impact on our effective tax rate. Further, in the ordinary course of a global business, there are intercompany transactions where the ultimate tax determination is uncertain.

In the event that changes in tax laws negatively impact our effective tax rates, our provision for taxes, or generate unanticipated tax liabilities, our business, results of operations, and financial condition could suffer a material adverse effect.

There can be no assurance that we will have access to the capital markets on terms acceptable to us.

From time to time we may need to access the long-term and short-term capital markets to obtain financing. Although we believe that the sources of capital currently in place will permit us to finance our operations for the foreseeable future on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future or at all will be impacted by many factors, including, but not limited to:

- our financial performance;
- our credit ratings;
- the liquidity of the overall capital markets; and
- the state of the economy.

There can be no assurance that we will have access to the capital markets on terms acceptable to us.

Our current level of indebtedness and our plan to substantially increase our level of indebtedness could negatively impact our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.

We have entered into the following debt financing arrangements. In connection with the spin-off in 2014, we borrowed $250.0 million under a term loan facility that will mature on September 16, 2019; we entered into a $300.0 million revolving credit facility, which was undrawn as of June 30, 2017; and we completed an offering of 3.30% senior notes with a $250.0 million aggregate principal amount due in October 2019 and 4.50% senior notes with a $500.0 million aggregate principal amount due in October 2024. In December 2015, we borrowed $250.0 million under a term loan facility that will mature on December 14, 2020. In December 2016, we borrowed an additional $400.0 million under a term loan facility that will mature on December 9, 2021. In February 2017, we announced our plan to return approximately $750.0 million to $1.0 billion of capital to shareholders each calendar year through 2019, via a combination of dividends and share repurchases. We announced that we expect to fund this return of capital, through a combination of free cash flow and incremental borrowings intended to bring leverage, measured as financial debt, net of cash, divided by adjusted EBITDA, to a range of 2.5x to 3.0x over the term of the plan. In May 2017, in connection with our return of capital plan, we completed an offering of 4.875% senior notes with a $600.0 million aggregate principal amount due in June 2027. See Note 13, ”Debt“ to our consolidated financial statements under Item 8 of Part II of this Annual Report on Form 10-K for details about the terms of our debt.

Our current indebtedness and the expected increase in our indebtedness could have important consequences, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to plan for and respond to, general adverse economic and industry conditions and changes in our business and the competitive environment;
- an increasingly substantial portion of our cash flow from operations will be dedicated to making payments of principal of, and interest on, our indebtedness, thereby reducing the availability of funds that would otherwise be available to fund working capital, capital expenditures, acquisitions, dividends, share repurchases or other corporate purposes;

- increasing our vulnerability to further downgrades of our credit rating, which could adversely affect our interest rates on existing indebtedness, cost of additional indebtedness, liquidity and access to capital markets;

- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

- the introduction of secured debt to our capital structure;

- making it more difficult for us to repay, refinance or satisfy our obligations with respect to our debt;

- limiting or eliminating our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions, or other purposes; and

- any failure to comply with the obligations of any of our debt instruments could result in an event of default under the agreements governing such indebtedness, which in turn, if not cured or waived, could result in the acceleration of the applicable debt, and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies.

Our ability to service our current and future levels of indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions, including the interest rate environment, and financial, business, regulatory and other factors, some of which are beyond our control.

There is no assurance that we will generate cash flow from operations or that future debt or equity financings will be available to us to enable us to pay our indebtedness or to fund other needs and we may be forced to take actions such as reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing debt, reducing or discontinuing dividends we may pay in the future, or seeking additional equity capital. These actions may not be effected on satisfactory terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have a material adverse effect on our business, results of operations, and financial condition.

Risks Relating to Our Common Stock

The market price of our shares may fluctuate widely.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our business profile and market capitalization may not fit the investment objectives of our stockholders, and our common stock may not be included in some indices, causing certain holders to sell their shares;

- a shift in our investor base;

- the actions of significant stockholders;

- our quarterly or annual earnings, or those of other companies in our industry;

- actual or anticipated fluctuations in our operating results;

- announcements of acquisitions or dispositions and strategic moves, such as acquisitions or restructurings, by us or our competitors;

- the failure of securities analysts to cover our common stock;

- the operating and stock price performance of other comparable companies;

- changes in expectations concerning our future financial performance and the future performance of our industry in general, including financial estimates and recommendations by securities analysts;

- differences between our actual financial and operating results and those expected by investors and analysts;

- changes in the regulatory framework of our industry and regulatory action;
- changes in general economic or market conditions; and
- the other factors described in these "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Our revenue, operating results, and profitability vary from quarter to quarter, which may result in volatility in our stock price.

Our revenue, operating results, and profitability have varied in the past and are likely to continue to vary significantly from quarter to quarter, which may lead to volatility in our stock price. These variations are due to several factors, including:

- our ability to timely and effectively implement our business transformation plan;
- the timing, size, and nature of our customer revenues (particularly with respect to our advertising business) and any losses with respect thereto;
- product and price competition regarding our products and services;
- the timing of introduction and market acceptance of new products, services or product enhancements by us, or our competitors;
- changes in our operating expenses;
- foreign currency fluctuations;
- the timing of acquisitions or divestitures of businesses, products, and services;
- the seasonality of car sales;
- personnel changes; and
- fluctuations in economic and financial market conditions.

There is substantial volatility in the domestic and international stock markets that could negatively impact our stock regardless of our actual operating performance.

The stock market in general and the market for technology companies in particular have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to operating performance. These broad market and industry factors could materially and adversely affect the market price of our stock, regardless of our actual operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price, we may therefore be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Holders of our common stock may be adversely affected through the issuance of more senior securities or through dilution.

In addition to our existing debt financing arrangements, we have announced that we expect to incur additional incremental borrowings related to our return of capital plan. We may also need to incur additional debt or issue equity in order to fund working capital, capital expenditures and product development requirements, maintain debt capacity levels, or to make acquisitions and other investments. If we raise funds through the issuance of debt or equity, any debt securities or preferred stock issued will have liquidation rights, preferences, and privileges senior to those of holders of our common stock. If we raise funds through the issuance of common equity, the issuance will dilute the ownership interests of our stockholders. We cannot assure our investors or potential investors that debt or equity financing will be available to us on acceptable terms, if at all. If we are not able to obtain sufficient financing, we may be unable to maintain or grow our business or complete our return of capital plan as expected.

Provisions in our certificate of incorporation and by-laws and of Delaware law may prevent or delay an acquisition of our Company.

Our certificate of incorporation and by-laws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making them more burdensome to the bidder and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of our stockholders to act by written consent; and
- the right of our Board of Directors to issue preferred stock without stockholder approval.

We have not opted out of the protections afforded by Section 203 of the Delaware General Corporation Law, which provides that a stockholder acquiring more than 15% of our outstanding voting shares (an "Interested Stockholder") but less than 85% of such shares may not engage in certain business combinations with us for a period of three years subsequent to the date on which the stockholder became an Interested Stockholder unless, prior to such date, our Board of Directors approves either the business combination or the transaction which resulted in the stockholder becoming an Interested Stockholder or the business combination is approved by our Board of Directors and by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the Interested Stockholder.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal, and are not intended to make our Company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of our Company and our stockholders.

We cannot assure you that we will continue to pay dividends or repurchase shares of our common stock at the times or in the amounts we currently anticipate.

Our Board of Directors has declared, and we have paid, regular quarterly cash dividends on our common stock. The payment of such quarterly dividends and any other future dividends will be at the discretion of our Board of Directors. There can be no assurance that we will continue to pay dividends, as to what the amount of any future dividends will be, or that we will have sufficient surplus under Delaware law to be able to pay any future dividends. This may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures, or increases in reserves. If we do not pay future dividends, the price of our common stock must appreciate for you to receive a gain on your investment in us. This appreciation may not occur and our stock may in fact depreciate in value.

We have also indicated that we expect to return approximately $750 million to $1 billion of capital to shareholders each calendar year through 2019, via a combination of dividends and share repurchases. We expect to fund this return of capital plan through a combination of free cash flow and incremental borrowings intended to bring leverage, measured as financial debt, net of cash, divided by adjusted EBITDA, to a range of 2.5x to 3.0x over the term of the plan. In January 2017, the Board of Directors authorized us to repurchase up to $2.0 billion of our common stock. This authorization superseded and replaced the prior authorization by the Board of Directors, which was approved in December 2015 and had authorized us to repurchase up to $1.0 billion of our common stock. We repurchased a total of approximately $0.9 billion of shares of our common stock under the prior authorization. There can be no assurance that we will be able to repurchase shares of our common stock at the times or in the amounts we currently anticipate due to market conditions, our cash position, our ability to access new financing, applicable laws and other factors, or that the results of the share repurchase program will be as beneficial as we currently anticipate.

The interests of significant stockholders may conflict with our interests or those of other stockholders, and their actions could disrupt our business and affect the market price and volatility of our securities.

As of June 30, 2017, one of our stockholders maintains existing filings on Schedule 13D with the SEC indicating that it may take positions or make proposals with respect to, or with respect to potential changes in, among other things, our operations, management, management and employee incentives, our certificate of incorporation and bylaws, the composition of our Board of Directors, ownership, capital allocation policies, capital or corporate structure, dividend policy, potential acquisitions involving us or certain of our businesses or assets, strategy, and plans. The foregoing positions or proposals may not in all cases be aligned with the interests of our other stockholders. Significant stockholders may have an interest in pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their investment, even though such

transactions involve risks to our other stockholders.

Responding to actions by these, or other, significant stockholders can be costly, time-consuming, and disrupting to our operations and can divert the attention of management and our employees. Such activities could interfere with our ability to execute our business strategy, including our business transformation plan and the return of capital to our stockholders. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our Board of Directors. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own or lease approximately 1.2 million square feet of real estate, consisting of office and other commercial facilities around the world. We own and maintain our global headquarters, totaling approximately 155,000 square feet, in Hoffman Estates, Illinois. We also own or lease approximately 21 locations in North America and 39 locations internationally. Our business transformation plan included a goal to close by the end of fiscal 2018, 18 of the 41 North American facilities that we occupied as of June 30, 2015. We have exceeded our goal and closed 20 North American facilities as of the end of fiscal 2017.

We regularly add or reduce facilities as necessary to accommodate changes in our business operations. We believe that our facilities are adequate to meet our immediate needs, and that, if and when needed, we will be able to secure adequate additional space to accommodate future expansion.

Item 3. Legal Proceedings

From time to time, we are involved in legal, regulatory, and arbitration proceedings concerning matters arising in connection with the conduct of our business activities. Such proceedings can be expensive and disruptive to normal business operations. Moreover, the results of complex proceedings are difficult to predict and our view of these matters may change in the future as the legal, regulatory, and arbitration proceedings and events related thereto unfold.

Competition Matters

We are involved in two lawsuits that set forth allegations of anti-competitive agreements between ourselves and Reynolds and Reynolds relating to the manner in which we control access to, and allow integration with, our DMSs. We have also received from the FTC a Civil Investigative Demand consisting of a request to produce documents relating to any agreement between ourselves and Reynolds and Reynolds.

On February 3, 2017, Motor Vehicle Software Corporation (“MVSC”) filed an antitrust suit against CDK, Reynolds and Reynolds Company, and CVR, in the U.S. District Court for the Central District of California, seeking treble damages and injunctive relief. On May 1, 2017, MVSC filed an amended complaint in connection with the case. On June 15, 2017, the defendants filed motions to dismiss the complaint. Plaintiff’s opposition to those motions was submitted to the court on July 31, 2017, and defendants’ replies are due on August 21, 2017. A hearing on the motions to dismiss is set for September 11, 2017.

On May 1, 2017, Authenticom, Inc. ("Authenticom") filed an antitrust suit against our operating subsidiary, CDK Global, LLC, and Reynolds and Reynolds, in the U.S. District Court for the Western District of Wisconsin, seeking treble damages and injunctive relief. Authenticom moved for a preliminary injunction on May 18, 2017, which the court granted on July 14, 2017, subject to Authenticom’s posting of a $1 million bond. The form of that injunction was handed down by the court on July 28, 2017, and defendants filed notices of appeal on the same day. On August 8, 2017, the U.S. Court of Appeals

for the Seventh Circuit granted defendants' motion to stay the injunction pending appeal. Defendants' appellate brief is due on August 22, 2017, Authenticom's response is due September 5, 2017, and defendants' reply is due by September 12, 2017. On July 21, 2017, the defendants filed motions to dismiss the complaint in the district court. Plaintiff's opposition is due September 8, 2017, and defendants' reply is due October 6, 2017.

We believe that both cases are without merit and we intend to continue to contest the claims in these cases vigorously. Accordingly, legal and expert fees may be significant, and an adverse result in these suits could have a material adverse effect on our business, results of operations, financial condition, or liquidity.

On June 22, 2017, we received from the FTC a Civil Investigative Demand consisting of interrogatories and a request to produce documents relating to any agreements between ourselves and Reynolds and Reynolds. We are responding to the request. The request merely seeks information, and no proceedings have been instituted. We believe there has not been any conduct by the company or its current or former employees that would be actionable under the antitrust laws in connection with the agreements between ourselves and Reynolds and Reynolds. At this time, we do not have sufficient information to predict the outcome of, or the cost of responding to or resolving this investigation.

Other Proceedings

We are otherwise involved from time to time in other proceedings not described above. Based on information available at this time, we believe that the resolution of these other matters currently pending will not individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition, or liquidity. Our view of these matters may change as the proceedings and events related thereto unfold.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for Registrant's Common Equity

Our common stock began trading "regular way" on the NASDAQ Global Select Market under the symbol "CDK" on October 1, 2014. As of June 30, 2017, there were 16,278 holders of record of our common stock. As of such date, approximately 140,900 additional holders held their common stock in "street name." The following table sets forth the reported high and low sales prices of the Company's common stock reported on the NASDAQ Global Select Market and the cash dividend per share of common stock declared during the fiscal quarters indicated.

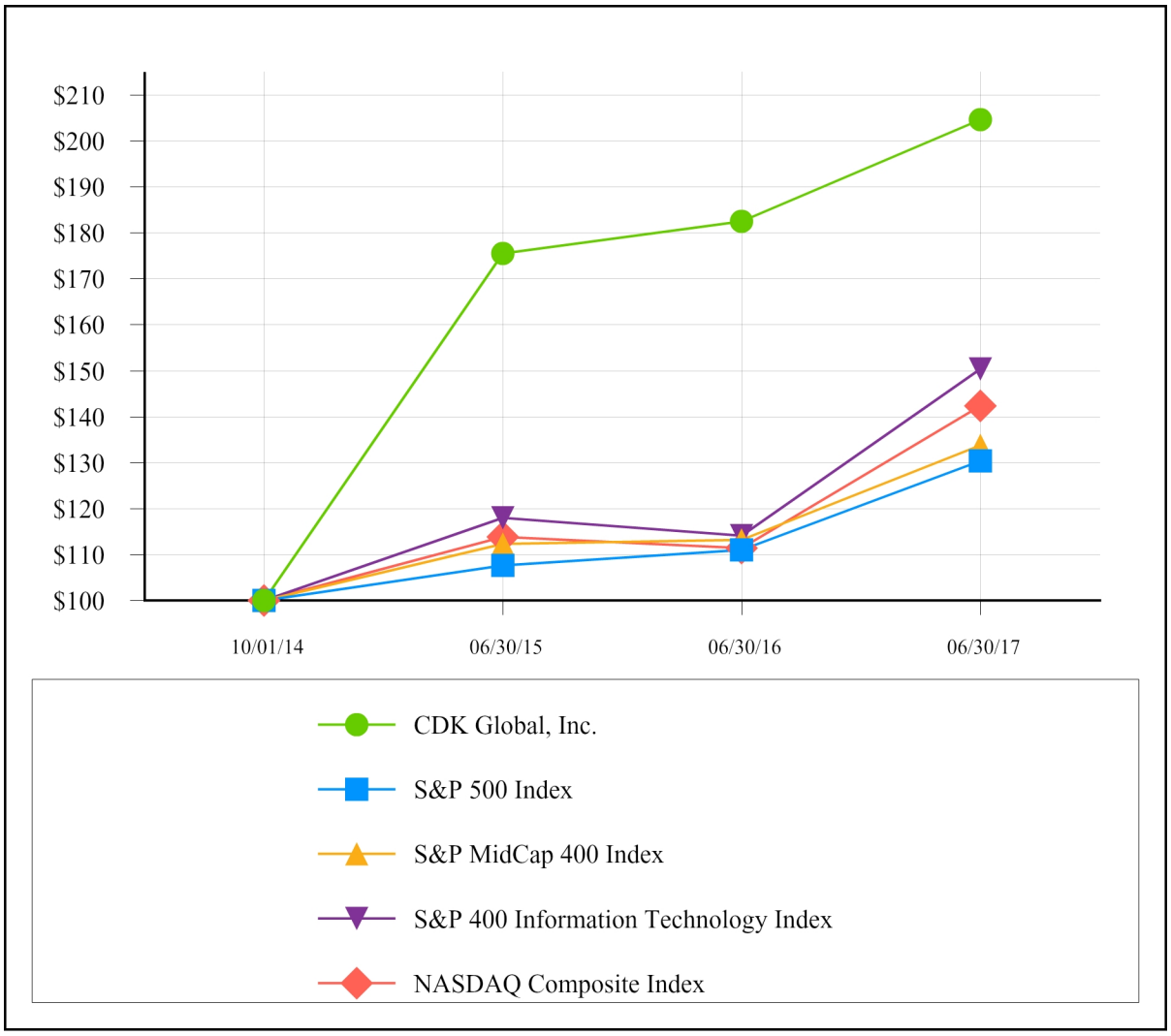
	Price Per Share		Dividends
	High	Low	Per Share
Year ended June 30, 2017			
First Quarter	$ 60.09	$ 54.34	$ 0.135
Second Quarter	$ 61.25	$ 53.46	$ 0.140
Third Quarter	$ 67.49	$ 58.52	$ 0.140
Fourth Quarter	$ 65.89	$ 59.33	$ 0.140
Year ended June 30, 2016			
First Quarter	$ 55.25	$ 40.52	$ 0.120
Second Quarter	$ 51.36	$ 45.02	$ 0.135
Third Quarter	$ 47.68	$ 39.67	$ 0.135
Fourth Quarter	$ 58.16	$ 45.12	$ 0.135

Dividends

We expect to continue to pay dividends on our common stock. However, the declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, legal requirements, regulatory constraints, industry practice and other factors that our Board of Directors deems relevant. There can be no assurance that we will continue to pay dividends or guarantee of the amounts of such dividends.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our common stock from October 1, 2014 to June 30, 2017 with the comparable cumulative return of the: (i) Standard & Poor's (S&P) 500 Index, (ii) S&P MidCap 400 Index, (iii) S&P 400 Information Technology Index and (iv) NASDAQ Composite Index. For the fiscal year ended June 30, 2017, we replaced the NASDAQ Composite Index with the S&P 400 Information Technology Index because the companies which comprise the S&P 400 Information Technology Index better reflect our industry. For the fiscal year ended June 30, 2017, we have presented both the old and new indices for comparison purposes.



The graph assumes $100 was invested on October 1, 2014 in our common stock and in each of the indices and assumes that all cash dividends are reinvested. The comparisons in the graph are required by the Securities Exchange Commission ("SEC") and are not intended to forecast or be indicative of future performance of our common stock. The graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Exchange Act"), each as amended, except to the extent that we specifically incorporate it by reference into such filing.

Issuer Purchases of Equity Securities

The following table presents a summary of common stock repurchases made during the three months ended June 30, 2017.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares as Part of Publicly Announced Programs [2]	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Program [2]
April 1 - 30, 2017	1,135	$ 64.98	—	$ 2,000,000,000
May 1 - 31, 2017 [3]	5,276,157	$ 61.78	5,274,115	$ 1,720,000,000
June 1 - 30, 2017	761	$ 61.36	—	$ 1,720,000,000
Total	5,278,053	$ 61.78	5,274,115	

(1) Pursuant to the Company's 2014 Omnibus Award Plan, shares of our common stock may be withheld upon exercise of stock options or vesting of restricted stock to satisfy tax withholdings. Shares withheld for such purposes have been included within the total number of shares purchased.

(2) In January 2017, the Board of Directors authorized us to repurchase up to $2.0 billion of our common stock under a return of capital program. This authorization replaced the prior $1.0 billion repurchase authorization. This authorization will expire when it is exhausted or at such time as it is revoked by the Board of Directors.

(3) On May 8, 2017, we received approximately 0.7 million shares upon final settlement of the accelerated share repurchase agreement we entered into in December 2016 ("December 2016 ASR") as part of our prior $1.0 billion authorization. Accordingly, the value of such shares was not deducted from the existing $2.0 billion authorization. We entered into an accelerated share agreement on May 12, 2017 ("May 2017 ASR") to purchase $350.0 million of our common stock. On May 16, 2017, we received an initial delivery of approximately 4.5 million shares of our common stock.

Item 6. Selected Financial Data

Our spin-off from Automatic Data Processing, Inc. ("ADP") was completed on September 30, 2014. Selected financial data is presented on a combined basis for periods preceding the spin-off and on a consolidated basis for subsequent periods. The following table sets forth selected consolidated and combined financial data from our audited consolidated and combined financial statements as of June 30, 2017 and 2016 and for the years ended June 30, 2017, 2016, and 2015. The selected combined financial data as of June 30, 2015, 2014, and 2013 and for the years ended June 30, 2014 and 2013 have been derived from combined financial statements which are not included in this Form 10-K.

Our combined financial statements for periods preceding the spin-off present the combined financial condition and results of operations of the Company, which was under common control and common management by ADP until September 30, 2014. Our combined financial data may not be indicative of our future performance and does not necessarily reflect what our financial condition and results of operations would have been had we operated as a separate, stand-alone entity during the periods presented, including many changes that have occurred in operations and capitalization of our Company as a result of our spin-off from ADP. The selected financial data presented below should be read in conjunction with our consolidated and combined financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K and Item 7 of Part II "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(In millions, except per share amounts)	Years Ended June 30, 2017	2016	2015	2014	2013
Income Statement Data					
Revenues	$ 2,220.2	$ 2,114.6	$ 2,063.5	$ 1,976.5	$ 1,839.4
Earnings before income taxes	435.3	369.1	299.9	353.3	320.7
Provision for income taxes	132.8	122.3	113.6	117.4	115.0
Net earnings	302.5	246.8	186.3	235.9	205.7
Net earnings attributable to noncontrolling interest	6.9	7.5	7.9	8.0	6.3
Net earnings attributable to CDK/Dealer Services	295.6	239.3	178.4	227.9	199.4
Basic net earnings attributable to CDK/Dealer Services per share	$ 2.01	$ 1.52	$ 1.11	$ 1.42	$ 1.24
Diluted net earnings attributable to CDK/Dealer Services per share	$ 1.99	$ 1.51	$ 1.10	$ 1.42	$ 1.24
Weighted-average basic shares outstanding [(1)]	146.7	157.0	160.6	160.6	160.6
Weighted-average diluted shares outstanding [(1)]	148.2	158.0	161.6	160.6	160.6
Cash dividends declared per share	$ 0.555	$ 0.525	$ 0.360	$ —	$ —
Balance Sheet Data					
Cash and cash equivalents	$ 726.1	$ 219.1	$ 408.2	$ 402.8	$ 276.3
Total current assets	1,278.8	738.7	885.2	918.2	783.6
Property, plant and equipment, net	135.0	118.6	100.0	82.6	68.4
Total assets	2,883.1	2,365	2,518.5	2,598.6	2,436.8
Total current liabilities	552.6	523.4	498.4	497.5	532.5
Long-term debt	2,125.2	1,190.3	971.1	—	—
Total liabilities	2,939.9	1,988.8	1,734.4	789.3	882.1
Total (deficit) equity	(56.8)	376.2	784.1	1,809.3	1,554.7

(1) On September 30, 2014, ADP stockholders of record as of the close of business on September 24, 2014 received one share of our common stock for every three shares of ADP common stock held as of the record date. For all periods prior to the spin-off, basic and diluted earnings per share were computed using the number of shares of our stock outstanding on September 30, 2014, the date on which our common stock was distributed to the stockholders of ADP.

The weighted-average common shares outstanding for the fiscal year ended June 30, 2016 ("fiscal 2016") reflect a reduction of 1.0 million shares that were inadvertently issued and distributed at the spin-off to ADP with respect to certain unvested ADP equity awards. For additional information on this matter, refer to Note 1, "Basis of Presentation" to our audited consolidated and combined financial statements under Item 8 of Part II of this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated and combined financial statements and accompanying notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere herein. See "Forward-Looking Statements" and "Risk Factors" included in Part I and Part I, Item 1A, respectively, in this Annual Report on Form 10-K.

(Tabular amounts in millions, except per share amounts)

Executive Overview

We are a leading global provider of integrated information technology and digital marketing solutions to the automotive retail and adjacent industries. Focused on enabling end-to-end automotive commerce, we provide solutions to dealers in more than 100 countries around the world, serving approximately 28,000 retail locations and most original equipment manufacturers ("OEMs"). We have over 40 years of history providing innovative solutions to automotive retailers and OEMs to better manage, analyze, and grow their businesses. Our solutions automate and integrate all parts of the buying process from targeted digital advertising and marketing campaigns to the sale, financing, insuring, parts supply, repair, and maintenance of vehicles. We believe the breadth of our integrated solutions allows us to more comprehensively address the varied needs of automotive retailers than any other single competitor in our industry.

Effective July 1, 2016, we completed a comprehensive plan to streamline our organization that will enable us to deliver an improved customer experience, create significant efficiencies, and better align us to implement our business transformation plan described below. The organizational changes included integrating product management, combining the Digital Marketing and Automotive Retail North America operations into a single organization, creating a single North America sales organization, and forming a global research and development organization. In connection with this reorganization, information that our chief operating decision maker regularly reviews for purposes of allocating resources and assessing performance changed resulting in a reassessment of operating segments.

The Company reorganized into two main operating groups. In connection with this reorganization, our operating segments have changed. The Company's first operating group is CDK North America which is comprised of two reportable segments, Retail Solutions North America and Advertising North America. The second operating group, which is also a reportable segment, is CDK International. Segment information for the fiscal years ended June 30, 2016 and 2015 ("fiscal 2015"), has been updated to conform to the new presentation. A brief description of each of these three segments' operations is provided below.

Retail Solutions North America

Through our Retail Solutions North America ("RSNA") segment, we provide technology-based solutions, including automotive website platforms, that help automotive retailers, OEMs, and other industry participants manage the acquisition, sale, financing, insuring, parts supply, and repair and maintenance of vehicles. Our solutions help our customers streamline their operations, better target and serve their customers, and enhance the financial performance of their retail operations. In addition to providing solutions to retailers and manufacturers of automobiles, we also provide solutions to retailers and manufacturers of heavy trucks, construction equipment, agricultural equipment, motorcycles, boats, and other marine and recreational vehicles.

Advertising North America

Through our Advertising North America ("ANA") segment, we provide advertising solutions, including management of digital advertising spend, for OEMs and automotive retailers. These solutions provide a coordinated offering across multiple marketing channels to help achieve customer marketing and sales objectives and coordinate execution between OEMs and their retailer networks.

CDK International

Through our CDK International ("CDKI") segment, we provide technology-based solutions similar to the retail solutions provided in our RSNA segment in approximately 100 countries outside of the United States ("U.S.") and Canada. The solutions that we provide within this segment allow our customers to streamline their business operations and enhance their financial performance within their local marketplace, and in some cases where we deal directly with OEMs, across international borders. Customers of this segment include automotive retail dealers and OEMs across Europe, the Middle East, Asia, Africa, and Latin America.

Business Transformation Plan

During fiscal 2015, we initiated a three-year business transformation plan designed to increase operating efficiency and improve the cost structure within our global operations. The business transformation plan is expected to produce significant benefits in our long-term business performance. We have described below the key workstreams on which we monitor and evaluate performance under the business transformation plan.

Workstream	Description	EBITDA Savings Goal
MoveUp!	Migrate customers to latest software versions; engineer to reduce customizations	$15 - 20 million
Streamline implementation	Streamline installation and training process through improved technology, process, tools, and workflow	$25 - 30 million
Enhance customer service	Decrease resolution times through optimized case management and technology-enabled, intelligent, user-driven support	$10 - 15 million
Optimize sales and product offering	Adjust sales structure; reduce product complexity; expand bundling; optimize discount management; standardize pricing	$65 - 75 million
Simplify quote to cash	Reduce business complexity through integrated go-to-market model that leverages an automated contracting process, SKU rationalization, and streamlined invoicing	$25 - 30 million
Workforce efficiency and footprint	Increase efficiency through fewer layers and larger spans of control, geographic wage arbitrage, and reduced facility footprint	$65 - 70 million
Strategic sourcing	Disciplined vendor management and vendor consolidation	$30 - 35 million
CDK International	Comprehensive optimization across back office, R&D, implementation, and support	$10 - 15 million
Other		$20 million
Target		**Approximately $300 million**

When we announced our business transformation plan at the end of fiscal 2015, we communicated our intent to strengthen our financial profile and generate additional consolidated adjusted EBITDA of $250 to $275 million over the three years ending with our fiscal year ending June 30, 2018 ("fiscal 2018"). We also intend to achieve consolidated net earnings attributable to CDK margin of 13%-17%, or consolidated adjusted EBITDA margin between 35-36% for fiscal 2018. During fiscal 2017, we executed against this goal by expanding margin on consolidated net earnings attributable to CDK by 200 basis points to 13.3% and expanding consolidated adjusted EBITDA margin by 550 basis points to 32.1%.

As we execute the business transformation plan, we continually monitor, evaluate and refine its structure, including its design, goals, term and estimate of total restructuring expenses. As part of this process, during the second quarter of fiscal 2017, we extended the business transformation plan by one year through the fiscal year ending June 30, 2019 ("fiscal 2019"), and updated our target of additional consolidated adjusted EBITDA generated to approximately $300 million through fiscal 2019. We also announced our intent to generate a targeted adjusted EBITDA exit margin of 40% or above for fiscal 2019.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). See "Results of Operations - Non-GAAP Measures" for a discussion regarding our use of non-GAAP measures and a reconciliation of our non-GAAP measures to the nearest GAAP measures.

The fiscal 2019 business transformation plan targets represent financial objectives distinct from forecasts of performance. Therefore, we have not provided a reconciliation of our fiscal 2019 adjusted EBITDA margin exit targets to the most directly

comparable GAAP measure of net earnings attributable to CDK, because projecting potential adjustments to GAAP results for the fiscal 2019 target is not practical and could be misleading to users of this financial information. The EBITDA reconciliation disclosed under "Results of Operations - Non-GAAP Measures" is indicative of the reconciliations that will be prepared for the same fiscal 2019 adjusted measures in the future.

We estimate the cost to execute the plan through fiscal 2019 to be approximately $225 million to $250 million comprised of approximately $70 million of restructuring expense and approximately $155 million to $180 million of other expenses to implement the business transformation plan. We will continue to evaluate our estimate of expenses and the allocation of those expenses as we execute the business transformation plan.

Restructuring expenses associated with the business transformation plan included employee-related costs, which represent severance and other termination-related benefits, and contract termination costs, which include costs to terminate facility leases. We recognized $18.4 million, $20.2 million, and $2.4 million of restructuring expenses for fiscal year ending June 30, 2017 ("fiscal 2017"), 2016 and 2015, respectively. Since the inception of the business transformation plan, we have recognized cumulative restructuring expenses of $41.0 million. Restructuring expenses are presented separately on the consolidated and combined statements of operations. Restructuring expenses are recorded in the Other segment, as these initiatives are predominantly centrally directed and are not included in internal measures of segment operating performance.

Accruals for restructuring expenses were included within accrued expenses and other current liabilities on the consolidated balance sheets as of June 30, 2017 and 2016. The following table summarizes the activity for the restructuring accrual for fiscal 2017 and 2016:

	Employee-Related Costs	Contract Termination Costs	Total
Balance as of June 30, 2015	$ 2.4	$ —	$ 2.4
Charges	17.7	2.9	20.6
Cash payments	(10.6)	(2.0)	(12.6)
Adjustments	(0.4)	—	(0.4)
Foreign exchange	(0.1)	—	(0.1)
Balance as of June 30, 2016	$ 9.0	$ 0.9	$ 9.9
Charges	14.5	4.8	19.3
Cash payments	(16.5)	(3.0)	(19.5)
Adjustments	(0.6)	(0.3)	(0.9)
Balance as of June 30, 2017	$ 6.4	$ 2.4	$ 8.8

Our business transformation plan included a goal to close by the end of fiscal 2018, 18 of the 41 North American facilities that we occupied as of June 30, 2015. We have exceeded our goal and closed 20 North American facilities as of the end of fiscal 2017.

In addition to the restructuring expenses discussed above, we expect to incur additional costs to implement the business transformation plan, including consulting, training, and transition costs. We may also incur accelerated depreciation and/or amortization expenses if the expected useful lives of our assets are adjusted. While these costs are directly attributable to our business transformation plan, they are not included in restructuring expenses on our consolidated and combined statements of operations. We recognized $80.6 million, $39.7 million, and $1.9 million of other business transformation expenses for fiscal 2017, 2016 and 2015, respectively. Since the inception of the business transformation plan in the fourth quarter of fiscal 2015, we have recognized cumulative other business transformation expenses of $122.2 million.

In December 2015, we announced our intent to return $1.0 billion to our stockholders in the form of dividends and share repurchases. In December 2016, we completed the $1.0 billion return of capital plan. In February 2017, we announced our intent to return $750 million to $1.0 billion of capital to shareholders per calendar year through 2019 through a combination of dividends and share repurchases. We believe that the execution of our business transformation plan will result in increased earnings, which will drive free cash flow (the amount of cash generated from operating activities less capital expenditures and capitalized software). We intend to continue to return free cash flow to our stockholders as our business transformation plan progresses. Our new return of capital plan is expected to be funded through a combination of free cash flow and incremental borrowings intended to bring leverage, measured as financial debt, net of cash, divided by adjusted EBITDA, to a range of 2.5x to 3.0x over the period.

Sources of Revenues and Expenses

Revenues. We generally receive fee-based revenue by providing services to customers.

In our RSNA segment, we have the following sources of revenue:

Subscription: for software and technology solutions provided to automotive retailers and OEMs, which includes:

- Dealer Management Systems (“DMSs”) and layered applications, which may be installed onsite at the customer’s location, or hosted and provided on a Software-as-a-Service ("SaaS") basis, including ongoing maintenance and support;
- Interrelated services such as installation, initial training, and data updates;
- Websites, search marketing, and reputation management services; and
- Hardware on a service basis, meaning no specific assets are identified or a substantive right of substitution exists.

Transaction: fees per transaction to process credit reports, vehicle registrations, and automotive equity mining.

Other: consulting and professional services, sales of hardware, and other miscellaneous revenues.

In our ANA segment, revenues are primarily earned for placing internet advertisements for OEMs and automotive retailers.

CDKI revenues are generated primarily from Subscription revenue as described above, aside from the absence of website offerings.

Expenses. Expenses generally relate to the cost of providing services to customers in the three reportable segments. In the RSNA and CDKI segments, significant expenses include employee payroll and other labor-related costs, the cost of hosting customer systems, third-party costs for transaction-based solutions and licensed software utilized in our solution offerings, computer hardware, software, telecommunications, transportation and distribution costs, third-party content for website offerings, the cost of hosting customer websites, computer hardware, software, and other general overhead items. In the ANA segment, significant expenses include third-party internet-based advertising placements, employee payroll and other labor-related costs, computer hardware, software, and other general overhead items. We also have some company-wide expenses attributable to management compensation and corporate overhead.

Potential Material Trends and Uncertainties in our Marketplace

A number of material trends and/or uncertainties in our marketplace could have either a positive or negative impact on our ability to conduct business, our results of operations, and/or our financial condition. The following is a summary of trends or uncertainties that have the potential to affect our liquidity, capital resources, or results of operations:

- Our revenues, operating earnings, and profitability have varied in the past as a result of these trends and uncertainties and are likely to continue to vary from quarter to quarter, which may lead to volatility in our stock price. These trends or uncertainties could occur in a variety of different areas of our business and the marketplace.

- Changing market trends, including changes in the automotive marketplace, both in North America and internationally, could have a material impact on our business. From time to time, the economic trends of a region could have an impact on the volume of automobiles sold at retail within one or more of the geographic markets in which we operate. To some extent, our business is impacted by these trends, either directly through a shift in the number of transactions processed by customers of our transactional business, or indirectly through changes in our customers’ spending habits based on their own changes in profitability.

- Our presence in multiple markets internationally could pose challenges that would impact our business or results of operations. We currently operate in over 100 countries and derive a significant amount of our overall revenues from markets outside of North America. The geographic breadth of our presence exposes us to potential economic, social, regulatory, and political shifts.

- Our ability to bring new solutions to market, research and develop, or acquire the data and technology that enables those solutions is important to our continued success. In addition, our strategy includes the selective pursuit of acquisitions that support or complement our existing technology and solution set. An inability to invest in the

continued development of new solutions for the automotive marketplace, or an inability to acquire new technology or solutions due to a lack of liquidity or resources, could impair our strategic position.

- Along with our development and acquisition expenditures, our success depends on our ability to maintain the security of our data and intellectual property, as well as our customers' data. Although we maintain a clear focus on data and system security, and we incur significant costs securing our infrastructure annually in support of that focus, we may experience interruptions of service or potential security issues that may be beyond our control.

Factors Affecting Comparability of Financial Results

Our Spin-Off from ADP

On April 9, 2014, the board of directors of ADP approved the spin-off of the Dealer Services business of ADP Dealer Services. On September 30, 2014, the spin-off became effective and ADP distributed 100% of the common stock of the Company to the holders of record of ADP's common stock as of September 24, 2014 (the "spin-off").

Historical ADP Cost Allocations Versus CDK as a Stand-alone Company

Our historical combined financial statements were prepared in accordance GAAP. Fiscal 2015 financial statements include the combined results of operations of the Dealer Services business of ADP, which was the subject of the spin-off. The combined financial statements include allocated costs for facilities, functions, and services used by the Company at shared ADP sites and costs for certain functions and services performed by centralized ADP organizations and directly charged to the Company based on usage.

As a division of ADP, we were historically managed by the senior management of ADP. The historical allocation of ADP's expenses to the Company was, in certain circumstances, less than the actual costs we incur as an independent public company. In addition to public company expenses, other general overhead transactions were handled for us by ADP, such as data center services, which, after the spin-off were still provided by ADP, but were transitioned to us in the third quarter of fiscal 2016.

Debt Financing

At the time of the spin-off, we borrowed $250.0 million under a term loan facility that matures on September 16, 2019 (our "2019 term loan facility") and $750.0 million under our bridge loan facility, the proceeds of which were used to pay ADP a cash dividend. On October 14, 2014, we completed an offering of 3.30% senior notes with a $250.0 million aggregate principal amount due in 2019 (the "2019 notes") and 4.50% senior notes with a $500.0 million aggregate principal amount due in 2024 (the "2024 notes"). The issuance price of the 2019 and 2024 notes was equal to the stated value. We used the net proceeds from the 2019 and 2024 notes, together with cash on hand, to repay all outstanding borrowings under the bridge loan facility.

On December 14, 2015, we borrowed an additional $250.0 million under a term loan facility that matures on December 14, 2020 (our "2020 term loan facility"). On December 9, 2016, we borrowed an additional $400.0 million under a term loan facility that will mature on December 9, 2021(our "2021 term loan facility", together with our 2019 and 2020 term loan facilities, our "term loan facilities"). Borrowings under the 2020 and 2021 term loan facilities were used for general corporate purposes, which included the repurchase of shares of our common stock as part of a new return of capital plan and pursuant to an accelerated share repurchase.

On May 15, 2017, the Company completed an offering of 4.875% senior notes with a $600.0 million aggregate principal amount due in 2027 (the "2027 notes"). The issuance price of the 2027 notes was equal to the stated value. Interest is payable semi-annually on June 1 and December 1 of each year, and payment will commence on December 1, 2017. The net proceeds from the sale of the 2027 notes will be used by the Company for general corporate purposes, which may include share repurchases, dividends, acquisitions, repayments of debt, and working capital and capital expenditures.

Acquisitions and Divestiture

On February 1, 2016, the Company acquired certain assets of RedBumper, LLC and NewCarIQ, LLC, providers of technology solutions for new and used car pricing. The Company had a pre-existing relationship with these entities under which CDK was a reseller of their products. The results of operations of the acquired businesses are included in our consolidated statements of operations since the acquisition date.

On April 2, 2015, Computerized Vehicle Registration, Inc. (“CVR”), our majority owned subsidiary, acquired AVRS, Inc. ("AVRS"), a provider of electronic vehicle registration software in California. CVR acquired all of the outstanding stock of AVRS under an agreement of merger. The results of operations of the acquired business are included in our consolidated statements of operations since the acquisition date.

On May 21, 2015, we sold our internet sales leads business, which was comprised of Dealix Corporation and Autotegrity, Inc., and operated in the RSNA segment, to a third party. We recognized a loss on the sale of this business of $0.8 million in selling, general and administrative expenses on the consolidated and combined statement of operations for fiscal 2015. The results of operations of the internet sales leads business were not included in our consolidated statements of operations subsequent to the disposal date.

Key Performance Measures

We regularly review the following key performance measures in evaluating our business results, identifying trends affecting our business, and making operating and strategic decisions:

Dealer Management System Customer Sites. We track the number of customer sites that have an active DMS. Consistent with our strategy of growing our automotive retail customer base, we view the number of customer sites purchasing our DMS solutions as an indicator of market penetration for our RSNA and CDKI segments. Our DMS customer site count includes retailers with an active DMS that sell vehicles in the automotive and adjacent markets. Adjacent markets include heavy truck dealerships that provide vehicles to the over-the-road trucking industry, recreation dealerships in the motorcycle, marine, and recreational vehicle industries, and heavy equipment dealerships in the agriculture and construction equipment industries. We consider a DMS to be active if we have billed a subscription fee for that solution during the most recently ended calendar month.

Average Revenue Per DMS Customer Site. Average revenue per automotive retail DMS customer site is an indicator of the adoption of our solutions by DMS customers, and we monitor changes in this metric to measure the effectiveness of our strategy to deepen our relationships with our current customer base through upgrading and expanding solutions. We calculate average revenue per DMS customer site by dividing the monthly applicable revenue generated from our solutions in a period by the average number of DMS customer sites in the period. This metric has been updated to reflect the new segments and now includes revenue generated from websites. The metric excludes subscription revenue generated by customers not included in our DMS site count as well as subscription revenue related to certain installation and training activities that is deferred then recognized as revenue over the life of the contract. Revenue underlying this metric is based on budgeted foreign exchange rates. When we discuss growth in average revenue per DMS customer site, revenue for the comparable prior period has been adjusted to reflect budgeted foreign exchange rates for the current period.

Websites. For the RSNA segment, we track the number of websites that we host and develop for our OEM and automotive retail customers as an indicator of business activity, regardless of whether or not the website is tied to a DMS customer site. The number of websites as of a specified date is the total number of full function dealer websites or portals that are currently accessible as of the end of the most recent calendar month.

Advertising. For the ANA segment, we track the amount of advertising revenue generated from automotive retailers on either a national or regional scale as a measure of our effectiveness in delivering advertising services to the market.

Results of Operations

Non-GAAP Measures

Throughout the following results of operations discussions, we disclose certain financial measures for our consolidated and operating segment results on both a GAAP and a non-GAAP (adjusted) basis. The non-GAAP financial measures disclosed should be viewed in addition to, and not as an alternative to, results prepared in accordance with GAAP. Our use of each of the following non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures, or reconcile them to the comparable GAAP financial measures, in the same way.

Non-GAAP Financial Measure	Comparable GAAP Financial Measure
Adjusted revenues	Revenues
Adjusted earnings before income taxes	Earnings before income taxes
Adjusted provision for income taxes	Provision for income taxes
Adjusted net earnings attributable to CDK	Net earnings attributable to CDK
Adjusted diluted earnings attributable to CDK per share	Diluted earnings attributable to CDK per share
Adjusted EBITDA	Net earnings attributable to CDK
Adjusted EBITDA margin	Net earnings attributable to CDK margin
Constant currency adjusted revenues	Revenues
Constant currency adjusted earnings before income taxes	Earnings before income taxes

We use adjusted revenues, adjusted earnings before income taxes, adjusted provision for income taxes, adjusted net earnings attributable to CDK, adjusted diluted earnings attributable to CDK per share, adjusted EBITDA and adjusted EBITDA margin internally to evaluate our performance on a consistent basis, because the measures adjust for the impact of certain items that we believe do not directly reflect our underlying operations. By adjusting for these items we believe we have more precise inputs for use as factors in (i) our budgeting process, (ii) making financial and operational decisions, (iii) evaluating ongoing segment and overall operating performance on a consistent period-to-period basis, (iv) target leverage calculations, (v) debt covenant calculations, and (vi) determining incentive-based compensation.

We believe our non-GAAP financial measures are useful for users of the financial statements because they (i) provide investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permit investors to view performance using the same tools that management uses, and (iii) otherwise provide supplemental information that may be useful to investors in evaluating our ongoing operating results on a consistent basis. We believe that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures disclosed below, provides investors with a fuller understanding of the factors and trends affecting our business than could be obtained absent these disclosures.

We review revenues and adjusted earnings before income taxes on a constant currency basis to understand underlying business trends. To present these results on a constant currency basis, current period results for entities reporting in currencies other than the U.S. dollar were translated into U.S. dollars using the average monthly exchange rates for the comparable prior period. As a result, constant currency results neutralize the effects of foreign currency.

Segment Reporting

Effective July 1, 2016, our new operating segments are comprised of Retail Solutions North America, Advertising North America, and CDK International. We have revised prior period segment data to conform to the new segment reporting structure. In addition, we have an Other segment, the primary components of which are corporate allocations and other expenses not recorded in the segment results.

We also review segment results on a constant currency basis to understand underlying business trends. To present these results on a constant currency basis, current period results for entities reporting in currencies other than the U.S. dollar were translated into U.S. dollars using the average monthly exchange rate for the comparable prior period. As a result, constant currency results neutralize the effects of foreign currency.

Fiscal 2017 Compared to Fiscal 2016

The following is a discussion of the results of our consolidated and combined results of operations for fiscal 2017 and 2016, respectively. For a discussion of our operations by segment, see "Analysis of Reportable Segments" below.

The table below presents consolidated and combined statements of operations for the periods indicated and the dollar change and percentage change between periods.

	Years Ended June 30,		Change	
	2017	2016	$	%
Revenues	$2,220.2	$2,114.6	$ 105.6	5 %
Costs of revenues	1,234.9	1,243.4	(8.5)	(1)%
Selling, general and administrative expenses	477.7	448.5	29.2	7 %
Restructuring expenses	18.4	20.2	(1.8)	(9)%
Total expenses	1,731.0	1,712.1	18.9	1 %
Operating earnings	489.2	402.5	86.7	22 %
Interest expense	(57.2)	(40.2)	(17.0)	(42)%
Other income, net	3.3	6.8	(3.5)	(51)%
Earnings before income taxes	435.3	369.1	66.2	18 %
Margin %	*19.6%*	*17.5%*		
Provision for income taxes	(132.8)	(122.3)	(10.5)	(9)%
Effective tax rate	*30.5%*	*33.1%*		
Net earnings	302.5	246.8	55.7	23 %
Less: net earnings attributable to noncontrolling interest	6.9	7.5	(0.6)	(8)%
Net earnings attributable to CDK	$ 295.6	$ 239.3	$ 56.3	24 %

Revenues. Revenues for fiscal 2017 increased $105.6 million as compared to fiscal 2016. The RSNA segment contributed $79.4 million and the ANA segment contributed $27.9 million, partially offset by a decrease in revenues in the CDKI segment of $1.7 million. See the discussion below for drivers of each segment's revenue growth. The impact of foreign exchange rates on revenues was a decrease of $17.4 million. The foreign exchange rate impact was primarily due to the strength of the U.S. dollar against the Pound Sterling, the Euro, and the Renminbi.

Cost of Revenues. Cost of revenues for fiscal 2017 decreased $8.5 million as compared to fiscal 2016. The impact of foreign exchange rates on cost of revenues was a decrease of $11.1 million. Cost of revenues was favorably impacted by lower labor-related costs attributable to ongoing initiatives under our business transformation plan primarily related to lower headcount and geographic labor mix, and a reduction of expenses related to employee benefits. The favorable effects of these items were partially offset by an increase in direct operating expenses related to other business transformation expenses and a growth in advertising costs for the ANA segment. Cost of revenues include expenses to research, develop, and deploy new and enhanced solutions for our customers of $150.0 million and $161.0 million for fiscal 2017 and 2016, respectively, representing 6.8% and 7.6% of revenues.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for fiscal 2017 increased $29.2 million as compared to fiscal 2016. The impact of foreign exchange rates on selling, general and administrative expenses was a decrease of $5.8 million. Selling, general and administrative expenses increased as a result of other business transformation expenses, an increase in stock-based compensation expense primarily due to a cumulative adjustment in the fourth quarter of fiscal 2017 based on management's assessment that it is probable our performance metrics for fiscal 2018 associated with performance-based restricted stock units will exceed the target, an increase in outside service costs including costs to implement the new revenue recognition standard, officer transition expense of $3.8 million, and an accrued liability for estimated employment tax audit assessment. These increases were partially offset by lower labor-related costs attributable to ongoing initiatives under our business transformation plan primarily related to lower headcount and geographic labor mix, and a fiscal 2016 accrual for cash payments and increased stock compensation in connection with the Transition and Release Agreement between the company and our former CEO, Steve Anenen (the "CEO transition").

Restructuring Expenses. Restructuring expenses for fiscal 2017 decreased $1.8 million as compared to fiscal 2016 and is related to the business transformation plan we initiated in the fourth quarter of fiscal 2015.

Interest Expense. Interest expense for fiscal 2017 increased $17.0 million as compared to fiscal 2016 due to borrowings under our 2021 term loan facility in December 2016, our 2027 notes in May 2017, the full impact of the 2020 term loan, and an increase in interest rates on our term loan facilities and 2019 and 2024 notes due to downgrades and a higher interest rate environment.

Other Income, Net. Other income, net for fiscal 2017 decreased by $3.5 million as compared to fiscal 2016 due primarily to a net gain associated with an indemnification receivable from ADP for pre spin-off tax periods in accordance with the tax matters agreement in fiscal 2016 and an impairment of a non-operating receivable in fiscal 2017, which is partially offset by fluctuations in foreign exchange gains and losses.

Provision for Income Taxes. The effective tax rate for fiscal 2017 was 30.5% as compared to 33.1% for fiscal 2016. The effective tax rate for fiscal 2017 was favorably impacted by $13.1 million of excess tax benefits associated with adopting Accounting Standard Update ("ASU") 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" effective July 1, 2016 as described in Note 2, and a Canadian valuation allowance adjustment. The effective tax rate for fiscal 2016 was favorably impacted by a return-to-provision adjustment related to domestic production activities, a non-taxable indemnification gain of $2.6 million recorded in other income, and a tax benefit associated with pre spin-off tax refunds, partially offset by tax expense associated with the repatriation of foreign earnings and a valuation allowance adjustment.

Net Earnings Attributable to CDK. Net earnings attributable to CDK for fiscal 2017 increased $56.3 million as compared to fiscal 2016. The increase in net earnings attributable to CDK was primarily due to the factors previously discussed.

Consolidated Non-GAAP Results

The tables below present the reconciliation of the most directly comparable GAAP measures to constant currency adjusted revenues, constant currency adjusted earnings before income taxes, adjusted provision for income taxes, adjusted net earnings attributable to CDK, and adjusted net earnings attributable to CDK per common share.

	Years Ended June 30,		Change	
	2017	2016	$	%
Revenues	**$2,220.2**	**$2,114.6**	**$ 105.6**	**5%**
Impact of exchange rates	17.4	—	17.4	
Constant currency adjusted revenues	$2,237.6	$2,114.6	$ 123.0	6 %
Earnings before income taxes	**$ 435.3**	**$ 369.1**	**$ 66.2**	**18%**
Margin %	*19.6%*	*17.5%*		
Restructuring expenses [1]	18.4	20.2	(1.8)	
Other business transformation expenses [1]	80.6	39.7	40.9	
Acquisition and integration-related expenses [2]	0.7	—	0.7	
Officer-related severance [3]	3.8	—	3.8	
Tax matters indemnification gain, net [4]	—	(2.6)	2.6	
Adjusted earnings before income taxes	**$ 538.8**	**$ 426.4**	**$ 112.4**	**26%**
Adjusted margin %	*24.3%*	*20.2%*		
Impact of exchange rates	0.4	—	0.4	
Constant currency adjusted earnings before income taxes	$ 539.2	$ 426.4	$ 112.8	26 %
Provision for income taxes	**$ 132.8**	**$ 122.3**	**$ 10.5**	**9%**
Effective tax rate	*30.5%*	*33.1%*		
Income tax effect of pre-tax adjustments [5]	38.3	21.6	16.7	
Pre spin-off filed tax return adjustment [6]	—	0.4	(0.4)	
Adjusted provision for income taxes	**$ 171.1**	**$ 144.3**	**$ 26.8**	**19%**
Adjusted effective tax rate	*31.8%*	*33.8%*		
Net earnings attributable to CDK	**$ 295.6**	**$ 239.3**	**$ 56.3**	**24%**
Restructuring expenses [1]	18.4	20.2	(1.8)	

Other business transformation expenses [1]	80.6	39.7	40.9	
Acquisition and integration-related expenses [2]	0.7	—	0.7	
Officer transition expense [3]	3.8	—	3.8	
Tax matters indemnification gain, net [4]	—	(2.6)	2.6	
Income tax effect of pre-tax adjustments [5]	(38.3)	(21.6)	(16.7)	
Pre spin-off filed tax return adjustment [6]	—	(0.4)	0.4	
Adjusted net earnings attributable to CDK	**$ 360.8**	**$ 274.6**	**$ 86.2**	**31%**
Diluted earnings attributable to CDK per share	**$ 1.99**	**$ 1.51**	**$ 0.48**	**32%**
Restructuring expenses [1]	0.12	0.13		
Other business transformation expenses [1]	0.54	0.25		
Acquisition and integration-related expenses [2]	—	—		
Officer transition expense [3]	0.03	—		
Tax matters indemnification gain, net [4]	—	(0.01)		
Income tax effect of pre-tax adjustments [5]	(0.25)	(0.14)		
Pre spin-off filed tax return adjustment [6]	—	—		
Adjusted diluted earnings attributable to CDK per share	**$ 2.43**	**$ 1.74**	$ 0.69	**40%**
Weighted-average common shares outstanding:				
Diluted	148.2	158.0		

(1) Restructuring expense recognized in connection with our business transformation plan for fiscal 2017 and 2016. Other business transformation expenses were included within cost of revenues and selling, general and administrative expenses and were incurred in connection with our business transformation plan for fiscal 2017 and 2016.

(2) Acquisition and integration-related expenses include legal, accounting, other professional fees, and other integration costs incurred in connection with our pending acquisition are included within selling, general and administrative expenses.

(3) Officer transition expense includes stock-based compensation and severance expense in connection with officer departures is included within selling, general and administrative expenses for the periods presented.

(4) Net gain recorded within other income, net associated with an indemnification receivable from ADP for pre spin-off tax periods in accordance with tax matters agreement.

(5) Income tax effect of pre-tax adjustments calculated at applicable statutory rates for each adjustment for fiscal 2017 and 2016.

(6) Net income tax benefit to adjust the liability for pre spin-off tax returns related to the gain in fiscal 2016.

Adjusted Earnings before Income Taxes. Adjusted earnings before income taxes for fiscal 2017 increased $112.4 million as compared to fiscal 2016. Adjusted margin increased from 20.2% to 24.3%. The impact of foreign exchange rates on adjusted earnings before income taxes was an increase of $0.4 million. Adjusted earnings before income taxes was favorably impacted by benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower headcount and geographic mix, and operating efficiencies inclusive of revenue growth, and a reduction of expenses related to employee benefits. Additionally, adjusted earnings before income taxes was favorably impacted by a fiscal 2016 accrual for cash payments and increased stock-based compensation expense in connection with the CEO transition. The favorable effects of these items were partially offset by an increase in stock-based compensation expense primarily due to a cumulative adjustment in the fourth quarter of fiscal 2017 based on management's assessment that it is probable our performance metrics for fiscal 2018 associated with performance-based restricted stock units will exceed the target, outside service costs including costs to implement the new revenue recognition standard, an accrued liability for estimated employment tax audit assessment, and an impairment of a non-operating receivable. In addition, increased interest expense had an unfavorable impact due to borrowings under our 2021 term loan facility in December 2016 and 2027 notes in May 2017, the full impact of the 2020 term loan facility, and an increase in interest rates on our term loan facilities and 2019 and 2014 notes due to downgrades and a higher interest environment.

Adjusted Provision for Income Taxes. The adjusted effective tax rate for fiscal 2017 was 31.8% as compared to 33.8% for fiscal 2016. The adjusted effective tax rate for fiscal 2017 was favorably impacted by $13.1 million of excess tax benefits associated with adopting ASU 2016-09, and Canadian valuation allowance adjustment. The effective tax rate for fiscal 2016 was favorably impacted by a return-to-provision adjustment related to the domestic production activities deduction, partially offset by tax expense associated with the repatriation of foreign earnings and a valuation allowance adjustment.

Adjusted Net Earnings Attributable to CDK. Adjusted net earnings attributable to CDK for fiscal 2017 increased $86.2 million as compared to fiscal 2016. The increase in adjusted net earnings attributable to CDK was primarily due to the items discussed above in adjusted earnings before income taxes partially offset by the associated tax effect.

The table below presents the reconciliation of net earnings attributable to CDK to adjusted EBITDA.

	Years Ended June 30,		Change	
	2017	2016	$	%
Net earnings attributable to CDK	**$ 295.6**	**$ 239.3**	**$ 56.3**	**24%**
Margin %	*13.3%*	*11.3%*		
Net earnings attributable to noncontrolling interest [(1)]	6.9	7.5	(0.6)	
Provision for income taxes [(2)]	132.8	122.3	10.5	
Interest expense [(3)]	57.2	40.2	17.0	
Depreciation and amortization [(4)]	70.3	64.0	6.3	
Total stock-based compensation [(5)]	55.4	36.4	19.0	
Restructuring expenses [(6)]	18.4	20.2	(1.8)	
Other business transformation expenses [(6)]	75.6	34.8	40.8	
Acquisition and integration-related expenses [(7)]	0.7	—	0.7	
Officer transition expense [(8)]	0.7	—	0.7	
Tax matters indemnification gain, net [(9)]	—	(2.6)	2.6	
Adjusted EBITDA	**$ 713.6**	**$ 562.1**	**$ 151.5**	**27%**
Adjusted margin %	*32.1%*	*26.6%*		

(1) Net earnings attributable to noncontrolling interest included within the financial statements for the periods presented.

(2) Provision for income taxes included within the financial statements for the periods presented.

(3) Interest expense included within the financial statements for the periods presented.

(4) Depreciation and amortization included within the financial statements for the periods presented.

(5) Total stock-based compensation expense recognized for the periods presented, of which $3.5 million relates to incremental expense in connection with the CEO transition in fiscal 2016.

(6) Restructuring expense recognized in connection with our business transformation plan in fiscal 2017 and 2016. Other business transformation expenses are included within cost of revenues and selling, general and administrative expenses and were incurred in connection with our business transformation plan in fiscal 2017 and 2016. Other business transformation expenses exclude $5.0 million and $4.9 million of accelerated depreciation expense and stock-based compensation expense for fiscal 2017 and 2016 for purposes of calculating adjusted EBITDA.

(7) Acquisition and integration-related expenses include legal, accounting, other professional fees, and other integration costs incurred in connection with our pending acquisition are included within selling, general and administrative expenses.

(8) Officer transition expense includes severance expense in connection with officer departures is included within selling, general and administrative expenses for the periods presented. Officer transition expense excludes $3.1 million of stock-based compensation expense for fiscal 2017 for purposes of calculating adjusted EBITDA.

(9) Net gain recorded within other income, net associated with an indemnification receivable from ADP or liability to ADP for pre spin-off tax periods in accordance with the tax matters agreement.

Adjusted EBITDA. Adjusted EBITDA for fiscal 2017 increased $151.5 million as compared to fiscal 2016. Adjusted margin increased from 26.6% to 32.1%. Adjusted EBITDA was favorably impacted by benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower headcount and geographic mix, and operating efficiencies inclusive of revenue growth, and a reduction of expenses related to employee benefits. Additionally, adjusted EBITDA was favorably impacted by a fiscal 2017 accrual for estimated cash payments in connection with the CEO transition. The favorable effects of these items were partially offset by outside service costs including costs to implement the new revenue recognition standard, an accrued liability for estimated employment tax audit assessment, and an impairment of a non-operating receivable recorded during fiscal 2017.

Analysis of Reportable Segments

The following is a discussion of the results of our operations by reportable segment for fiscal 2017 and 2016. Certain expenses are charged to the reportable segments at a standard rate for management reporting purposes. Other costs are charged to the reportable segments based on management's responsibility for the applicable costs.

Retail Solutions North America

The table below presents the reconciliation of revenues to constant currency revenues and earnings before income taxes to constant currency adjusted earnings before income taxes for the RSNA segment. Refer to the footnotes in "Consolidated Non-GAAP Results" for additional information on the adjustments presented below.

	Years Ended June 30,		Change	
	2017	2016	$	%
Revenues	**$1,600.7**	**$1,521.3**	**$ 79.4**	**5%**
Impact of exchange rates	0.1	—	0.1	
Constant currency revenues	$1,600.8	$1,521.3	$ 79.5	5 %
Earnings before income taxes	**$ 605.5**	**$ 481.3**	**$ 124.2**	**26%**
Margin %	*37.8%*	*31.6%*		
Acquisition and integration-related expenses	0.7	—	0.7	
Adjusted earnings before income taxes	**$ 606.2**	**$ 481.3**	**$ 124.9**	**26%**
Adjusted margin %	*37.9%*	*31.6%*		

	Years Ended June 30,		Change	
	2017	2016	$	%
Subscription revenue	1,261.4	1,191.2	70.2	6%
Transaction revenue	179.5	179.1	0.4	—%
Other revenue	159.8	151.0	8.8	6%
Total	1,600.7	1,521.3	79.4	5%

Revenues. *RSNA* revenues for fiscal 2017 increased $79.4 million as compared to fiscal 2016. RSNA revenues were unfavorably impacted by the strength of the U.S. dollar against the Canadian dollar on a constant currency basis, which contributed to a decrease of $0.1 million.

Subscription revenues grew due to an increase in average revenue per DMS customer site of 7%, which resulted from a combination of increased sales of new or expanded solutions to our customer base and pricing. Additionally, DMS customer site count was a slight increase to 14,611 sites as of June 30, 2017 compared to 14,533 sites as of June 30, 2016 and customer websites as of June 30, 2017 was 6,879 websites compared to 6,641 websites as of June 30, 2016, an increase of approximately 4%. On a combined basis, the increase in DMS customer sites and average revenue per DMS customer site contributed $70.2 million of revenue growth, or approximately 5%, and includes an unfavorable currency impact of $0.1 million. Transaction revenues generated from vehicle registrations and automotive equity mining contributed $0.4 million of revenue growth. Other revenue contributed $8.8 million primarily due to professional services related to websites partially offset by a reduction in hardware sales.

Earnings before Income Taxes. RSNA earnings before income taxes for fiscal 2017 increased $124.2 million as compared to fiscal 2016. Margin increased from 31.6% to 37.8%.

RSNA earnings before income taxes were favorably impacted by operating efficiencies inclusive of benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower headcount and geographic mix, a reduction of expenses related to employee benefits, and revenue growth as discussed above. The favorable effects of these items were partially offset by an impairment of a non-operating receivable, and costs incurred in connection with our pending acquisition during fiscal 2017.

Advertising North America

There were no non-GAAP adjustments for the ANA segment for fiscal 2017 and 2016. The table below presents the revenues and earnings before income taxes for the ANA segment.

	Years Ended June 30,		Change	
	2017	2016	$	%
Revenues	**$ 307.6**	**$ 279.7**	**$ 27.9**	**10%**
Earnings before income taxes	**$ 44.4**	**$ 27.5**	**$ 16.9**	**61%**
Margin %	*14.4%*	*9.8%*		

Revenues. ANA revenues for fiscal 2017 increased $27.9 million as compared to fiscal 2016. The overall increase was due to an increase in OEM driven local marketing association internet advertising placements.

Earnings before Income Taxes. ANA earnings before income taxes for fiscal 2017 increased $16.9 million as compared to fiscal 2016. Margin increased from 9.8% to 14.4%. ANA earnings before income taxes were favorably impacted by revenue growth as discussed above and operating efficiencies from ongoing initiatives under our business transformation plan partially offset by a growth in advertising costs.

CDK International

There were no non-GAAP adjustments to the CDKI segment for fiscal 2017 and 2016. The table below presents the reconciliation of revenues to constant currency revenues and earnings before income taxes to constant currency earnings before income taxes for the CDKI segment.

	Years Ended June 30,		Change	
	2017	2016	$	%
Revenue	**$ 311.9**	**$ 313.6**	**$ (1.7)**	**(1)%**
Impact of exchange rates	17.3	—	17.3	
Constant currency revenues	$ 329.2	$ 313.6	$ 15.6	5 %
Earnings before income taxes	**$ 75.0**	**$ 61.1**	**$ 13.9**	**23 %**
Margin %	*24.0%*	*19.5%*		
Impact of exchange rates	0.4	—	0.4	
Constant currency earnings before income taxes	$ 75.4	$ 61.1	$ 14.3	23 %

Revenues. CDKI revenues for fiscal 2017 decreased $1.7 million as compared to fiscal 2016. CDKI revenues were impacted by the strength of the U.S. dollar against the Pound Sterling, the Euro, and the Renminbi, which contributed to a decrease of $17.3 million, or 6 percentage points. CDKI experienced growth in revenues on a constant currency basis primarily due to an increase in sites and average revenue per customer site.

Earnings before Income Taxes. CDKI earnings before income taxes for fiscal 2017 increased $13.9 million as compared to fiscal 2016. Margin increased from 19.5% to 24.0%. The constant currency impact of foreign exchange rates on

CDKI earnings before income taxes was a decrease of $0.4 million. CDKI earnings before income taxes were favorably impacted by increased average revenue per customer site and benefits obtained from ongoing initiatives under our business transformation plan.

Other Segment

The table below presents the reconciliation of loss before income taxes to adjusted loss before income taxes for the Other segment. Refer to the footnotes in "Consolidated Non-GAAP Results" for additional information on the adjustments presented below.

	Years Ended June 30,		Change	
	2017	2016	$	%
Loss before income taxes	**$ (289.6)**	**$ (200.8)**	**$ (88.8)**	**(44)%**
Restructuring expenses	18.4	20.2	(1.8)	
Other business transformation expenses	80.6	39.7	40.9	
Officer transition expense	3.8	—	3.8	
Tax matters indemnification gain, net	—	(2.6)	2.6	
Adjusted loss before income taxes	**$ (186.8)**	**$ (143.5)**	**$ (43.3)**	**(30)%**

The primary components of the Other loss before income taxes are certain costs that are not allocated to our reportable segments, such as interest expense, stock-based compensation expense, costs attributable to the business transformation plan, and certain unallocated expenses.

Loss before Income Taxes. The Other loss before income taxes for fiscal 2017 increased by $88.8 million as compared to fiscal 2016. The Other loss before income taxes was unfavorably impacted by expenses associated with our business transformation plan, an increase in stock-based compensation expense primarily due to a cumulative adjustment in the fourth quarter of fiscal 2017 based on management's assessment that it is probable our performance metrics for fiscal 2018 associated with performance-based restricted stock units will exceed the target, an increase in expenses related to outside service costs including costs to implement the new revenue recognition standard, officer transition expense of $3.8 million, and an accrued liability for estimated employment tax audit assessment. In addition, increased interest expense had an unfavorable impact due to borrowings under our 2021 term loan facility in December 2016 and 2027 notes in May 2017, the full impact of the 2020 term loan facility, and an increase in interest rates on our term loan facilities and 2019 and 2024 notes due to downgrades and a higher interest rate environment. Partially offsetting the increases is the favorable impact of a fiscal 2016 accrual for cash payments and increased stock-based compensation expense in connection with the CEO transition and a reduction of expenses related to employee benefits during fiscal 2017.

Fiscal 2016 Compared to Fiscal 2015

The following is a discussion of the results of our consolidated and combined results of operations for fiscal 2016 and 2015. For a discussion of our operations by segment, see "Analysis of Reportable Segments" below.

The table below presents consolidated and combined statements of operations data for the periods indicated and the dollar change and percentage change between periods.

	Years Ended June 30,		Change	
	2016	2015	$	%
Revenues	$2,114.6	$2,063.5	$ 51.1	2 %
Costs of revenues	1,243.4	1,273.2	(29.8)	(2)%
Selling, general and administrative expenses	448.5	431.1	17.4	4 %
Restructuring expenses	20.2	2.4	17.8	n/m
Separation costs	—	34.6	(34.6)	(100)%
Total expenses	1,712.1	1,741.3	(29.2)	(2)%
Operating earnings	402.5	322.2	80.3	25 %
Interest expense	(40.2)	(28.8)	(11.4)	(40)%
Other income, net	6.8	6.5	0.3	5 %
Earnings before income taxes	369.1	299.9	69.2	23 %
Margin %	*17.5%*	*14.5%*		
Provision for income taxes	(122.3)	(113.6)	(8.7)	(8)%
Effective tax rate	*33.1%*	*37.9%*		
Net earnings	246.8	186.3	60.5	32 %
Less: net earnings attributable to noncontrolling interest	7.5	7.9	(0.4)	(5)%
Net earnings attributable to CDK	$ 239.3	$ 178.4	$ 60.9	34 %

Revenues. Revenues for fiscal 2016 increased $51.1 million as compared to fiscal 2015. The ANA segment contributed $36.6 million and the RSNA segment contributed $20.1 million of revenue growth, partially offset by a decrease in revenues in the CDKI segment of $5.6 million. The impact of foreign exchange rates on revenues was a decrease of $39.1 million. The foreign exchange rate impact was primarily due to the strength of the U.S. dollar against the Canadian dollar, the Euro, the Pound Sterling, and the South African Rand.

Cost of Revenues. Cost of revenues for fiscal 2016 decreased $29.8 million as compared to fiscal 2015. The impact of foreign exchange rates on cost of revenues was a decrease of $20.7 million. In addition, cost of revenues was impacted by $15.6 million of accelerated amortization recognized in the ANA and RSNA segments for the Cobalt trademark during fiscal 2015, lower expenses as a result of the sale of the internet sales leads business, and lower labor-related costs attributable to ongoing initiatives under our business transformation plan primarily related to lower headcount and geographic labor mix. The favorable effects of these items were offset by increased direct operating expenses as a function of new products, revenue growth, and the acquisition of AVRS, other business transformation costs, an increase in employee-related costs, primarily related to incentive compensation for the RSNA segment, and increased costs associated with the migration of hosting facilities that support the RSNA segment. Cost of revenues included expenses to research, develop, and deploy new and enhanced solutions for our customers of $161.0 million and $170.1 million for fiscal 2016 and 2015, respectively, representing 7.6% and 8.2% of revenues.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for fiscal 2016 increased $17.4 million as compared to fiscal 2015. The impact of foreign exchange rates on selling, general and administrative expenses was a decrease of $8.6 million. Selling, general and administrative expenses increased as a result of costs incurred related to the formation of corporate departments as a stand-alone public company, other business transformation costs, an accrual for estimated cash payments and increased stock-based compensation expense of $8.8 million in connection with the CEO transition, an increase in employee-related costs, primarily related to incentive compensation for the RSNA segment, and a reduction of our accounts receivable allowances in the RSNA and ANA segments in fiscal 2015 due to a change in estimate. These increases were partially offset by trademark royalty expense charged by ADP prior to the spin-off, lower labor-related costs attributable to ongoing initiatives under our business transformation plan primarily related to lower headcount and geographic labor mix, a vendor-related contractual obligation in the RSNA segment established during fiscal 2015 and

extinguished during the first quarter of fiscal 2016, lower expenses as a result of the sale of the internet sales leads business, and prior year non-recurring severance accruals in the RSNA and CDKI segments.

Restructuring Expenses. Restructuring expenses for fiscal 2016 increased $17.8 million and relates to the business transformation plan we initiated in the fourth quarter of fiscal 2015. Fiscal 2016 restructuring expenses represent a full year of expenses since we announced the business transformation plan.

Separation Costs. Separation costs represent costs directly attributable to our spin-off from ADP and are primarily related to professional services. Separation costs for fiscal 2015 were $34.6 million; there were no comparable costs incurred for fiscal 2016.

Interest Expense. Interest expense for fiscal 2016 increased $11.4 million as compared to fiscal 2015 due to the timing of borrowings under our term loan facilities and senior notes, an increase in interest rates on our term loan facilities, and amortization of deferred financing costs.

Other Income, Net. Other Income, net for fiscal 2016 increased by $0.3 million as compared to fiscal 2015.

Provision for Income Taxes. The effective tax rate for fiscal 2016 was 33.1% as compared to 37.9% for fiscal 2015. The effective tax rate for fiscal 2016 was favorably impacted by a return-to-provision related to the domestic production activities deduction, a non-taxable indemnification gain recorded in other income, and a tax benefit associated with pre spin-off tax refunds, partially offset by tax expense associated with the repatriation of foreign earnings and a valuation allowance adjustment. The effective tax rate for fiscal 2015 was unfavorably impacted by certain separation costs that were not tax deductible and $4.6 million of tax expense associated with the tax law change for bonus depreciation, offset by tax benefits associated with a valuation allowance adjustment and the resolution of certain tax matters.

Net Earnings Attributable to CDK. Net earnings attributable to CDK for fiscal 2016 increased $60.9 million as compared to fiscal 2015. The increase in net earnings attributable to CDK was primarily due to the factors previously discussed.

Consolidated Non-GAAP Results

The tables below present the reconciliation of the most directly comparable GAAP measure to constant currency adjusted revenues, constant currency adjusted earnings before income taxes, adjusted provision for income taxes, adjusted net earnings attributable to CDK, and adjusted net earnings attributable to CDK per common share.

	Years Ended June 30,		Change	
	2016	2015	$	%
Revenues	**$2,114.6**	**$2,063.5**	**$ 51.1**	**2%**
Internet sales leads revenues [1]	—	(46.2)	46.2	
Adjusted revenues	**$2,114.6**	**$2,017.3**	**$ 97.3**	**5%**
Impact of exchange rates	39.1	—	39.1	
Constant currency adjusted revenues	$2,153.7	$2,017.3	$ 136.4	7%
Earnings before income taxes	**$ 369.1**	**$ 299.9**	**$ 69.2**	**23%**
Margin %	*17.5%*	*14.5%*		
Separation costs [2]	—	34.6	(34.6)	
Accelerated trademark amortization [3]	—	15.6	(15.6)	
Stand-alone public company costs [4]	—	(16.8)	16.8	
Trademark royalty fee [5]	—	5.7	(5.7)	
Stock-based compensation [4]	—	(0.4)	0.4	
Interest expense [4]	—	(8.2)	8.2	
Restructuring expenses [6]	20.2	2.4	17.8	
Other business transformation expenses [6]	39.7	1.9	37.8	
Tax matters indemnification (gain)/loss, net [7]	(2.6)	1.1	(3.7)	
Internet sales leads earnings [1]	—	(2.5)	2.5	
Adjusted earnings before income taxes	**$ 426.4**	**$ 333.3**	**$ 93.1**	**28%**
Adjusted margin %	*20.2%*	*16.5%*		
Impact of exchange rates	10.2	—	10.2	
Constant currency adjusted earnings before income taxes	$ 436.6	$ 333.3	$ 103.3	31%
Provision for income taxes	**$ 122.3**	**$ 113.6**	**$ 8.7**	**8%**
Effective tax rate	*33.1%*	*37.9%*		
Income tax effect of pre-tax adjustments [8]	21.6	6.4	15.2	
Income tax expense due to bonus depreciation law change [9]	—	(4.6)	4.6	
Pre spin-off filed tax return adjustment [10]	0.4	(0.5)	0.9	
Adjusted provision for income taxes	**$ 144.3**	**$ 114.9**	**$ 29.4**	**26%**
Adjusted effective tax rate	*33.8%*	*34.5%*		

	Years Ended June 30,		Change	
	2016	2015	$	%
Net earnings attributable to CDK	**$ 239.3**	**$ 178.4**	**$ 60.9**	**34%**
Separation costs [2]	—	34.6	(34.6)	
Accelerated trademark amortization [3]	—	15.6	(15.6)	
Stand-alone public company costs [4]	—	(16.8)	16.8	
Trademark royalty fee [5]	—	5.7	(5.7)	
Stock-based compensation [4]	—	(0.4)	0.4	
Interest expense [4]	—	(8.2)	8.2	
Restructuring expenses [6]	20.2	2.4	17.8	
Other business transformation expenses [6]	39.7	1.9	37.8	
Tax matters indemnification (gain)/loss, net [7]	(2.6)	1.1	(3.7)	
Internet sales leads earnings [1]	—	(2.5)	2.5	
Income tax effect of pre-tax adjustments [8]	(21.6)	(6.4)	(15.2)	
Income tax expense due to bonus depreciation law change [9]	—	4.6	(4.6)	
Pre spin-off filed tax return adjustment [10]	(0.4)	0.5	(0.9)	
Adjusted net earnings attributable to CDK	**$ 274.6**	**$ 210.5**	**$ 64.1**	**30%**
Diluted earnings attributable to CDK per share	**$ 1.51**	**$ 1.10**	**0.41**	**37%**
Separation costs [2]	—	0.21		
Accelerated trademark amortization [3]	—	0.10		
Stand-alone public company costs [4]	—	(0.10)		
Trademark royalty fee [5]	—	0.04		
Stock-based compensation [4]	—	—		
Interest expense [4]	—	(0.05)		
Restructuring expenses [6]	0.13	0.01		
Other business transformation expenses [6]	0.25	0.01		
Tax matters indemnification (gain)/loss, net [7]	(0.01)	0.01		
Internet sales leads earnings [1]	—	(0.02)		
Income tax effect of pre-tax adjustments [8]	(0.14)	(0.04)		
Income tax expense due to bonus depreciation law change [9]	—	0.03		
Pre spin-off filed tax return adjustment [10]	—	—		
Adjusted diluted earnings attributable to CDK per share	**$ 1.74**	**$ 1.30**	**0.44**	**34%**
Weighted-average common shares outstanding:				
Diluted [11]	158.0	161.6		

(1) Elimination of revenues and earnings before income taxes related to the internet sales leads business, which was part of the RSNA segment and was sold on May 21, 2015. Earnings before income taxes related to the internet sales leads business includes the loss recognized on the sale of $0.8 million in fiscal 2015.

(2) Incremental costs incurred in fiscal 2015 that were directly attributable to our spin-off from ADP.

(3) Accelerated amortization recognized in the second quarter of fiscal 2015 in the ANA and RSNA segments for the Cobalt trademark related to the change in useful life.

(4) Incremental costs associated with the formation of corporate departments as a stand-alone public company, incremental stock-based compensation expenses incurred for staff additions to build out corporate functions and director compensation

costs, and interest expense related to our indebtedness incurred with the spin-off. These costs were incurred in fiscal 2016 and have been reflected as adjustments in fiscal 2015 to present these periods on a comparable basis.

(5) Elimination of the royalty paid to ADP for the utilization of the ADP trademark during fiscal 2015 prior to our spin-off from ADP, as there was no comparable royalty after the spin-off.

(6) Restructuring expense recognized in connection with our business transformation plan in fiscal 2016 and 2015. Other business transformation expenses are included within cost of revenues and selling, general and administrative expenses and were incurred in connection with our business transformation plan in fiscal 2016 and 2015.

(7) Net (gain)/loss recorded within other income, net associated with an indemnification receivable from ADP or liability to ADP for pre spin-off tax periods in accordance with the tax matters agreement.

(8) Income tax effect of pre-tax adjustments calculated at applicable statutory rates for each adjustment, including separation costs, which were partially tax deductible in fiscal 2015, and the tax effect of the internet sales leads business.

(9) Adjustment recognized in the second quarter of fiscal 2015 to deferred taxes related to the bonus depreciation to which ADP is entitled under the tax law and in accordance with the tax matters agreement to claim additional tax depreciation for assets associated with our business for tax periods prior to our spin-off from ADP.

(10) Net income tax benefit to adjust the liability for pre spin-off tax returns related to the gain in fiscal 2016. Net income tax expense recognized as a result of filing the pre spin-off tax returns related to the loss in fiscal 2015.

(11) The weighted-average common shares outstanding for fiscal 2016 reflect a reduction of 1.0 million shares that were inadvertently issued and distributed at the spin-off to ADP with respect to certain unvested ADP equity awards. For additional information on this matter, refer to Note 1, "Basis of Presentation" to our audited consolidated and combined financial statements under Item 8 of Part II of this Annual Report on Form 10-K.

Adjusted Revenues. Adjusted revenues for fiscal 2016 increased $97.3 million as compared to fiscal 2015. Adjusted revenues were unfavorably impacted by the same currencies discussed above in revenues, which contributed an increase of $39.1 million, or 2 percentage points. Adjusted revenues were favorably impacted by increased revenues in the underlying operations of all of our segments, excluding the effect of revenues related to the internet sales leads business and including the effect of revenues contributed by the acquisition of AVRS. Acquisitions contributed 1 percentage point of adjusted revenue growth

Adjusted Earnings before Income Taxes. Adjusted earnings before income taxes for fiscal 2016 increased $93.1 million as compared to fiscal 2015. Adjusted earnings before income taxes margin increased from 16.5% to 20.2%. The impact of foreign exchange rates on adjusted earnings before income taxes was an increase of $10.2 million. Adjusted earnings before income taxes were favorably impacted by operating efficiencies inclusive of revenue growth in our segments and benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower-headcount and geographic mix, a vendor-related contractual obligation in the RSNA segment established during fiscal 2015 and extinguished during the first quarter of fiscal 2016, and prior year non-recurring severance accruals in the RSNA and CDKI segments. The favorable effects of these items were partially offset by an accrual for estimated cash payments and increased stock-based compensation expense of $8.8 million in connection with the CEO transition, an increase in employee-related costs, primarily related to incentive compensation for the RSNA segment, increased costs associated with the migration of hosting facilities that support the RSNA segment, increased interest expense, and a reduction of our accounts receivable allowances in the RSNA and ANA segments in fiscal 2015 due to a change in estimate.

Adjusted Provision for Income Taxes. The adjusted effective tax rate for fiscal 2016 was 33.8% as compared to 34.5% for fiscal 2015. The effective tax rate for fiscal 2016 was favorably impacted by a return-to-provision related to the domestic production activities deduction, partially offset by tax expense associated with the repatriation of foreign earnings and a valuation allowance adjustment. The adjusted effective tax rate for fiscal 2015 was favorably impacted by tax benefits associated with a valuation allowance adjustment and the resolution of certain tax matters.

Adjusted Net Earnings Attributable to CDK. Adjusted net earnings attributable to CDK for fiscal 2016 increased $64.1 million as compared to fiscal 2015. The increase in adjusted net earnings attributable to CDK was primarily due to the items discussed above in adjusted earnings before income taxes, partially offset by the associated tax effect.

The table below presents the reconciliation of net earnings attributable to CDK to adjusted EBITDA.

	Years Ended June 30,		Change	
	2016	2015	$	%
Net earnings attributable to CDK	**$ 239.3**	**$ 178.4**	**$ 60.9**	**34%**
Margin %	*11.3%*	*8.6%*		
Net earnings attributable to noncontrolling interest [1]	7.5	7.9	(0.4)	
Provision for income taxes [2]	122.3	113.6	8.7	
Interest expense [3]	40.2	28.8	11.4	
Depreciation and amortization [4]	64.0	76.5	(12.5)	
Separation costs [5]	—	34.6	(34.6)	
Stand-alone public company costs [6]	—	(16.8)	16.8	
Trademark royalty fee [7]	—	5.7	(5.7)	
Total stock-based compensation [8]	36.4	30.4	6.0	
Restructuring expenses [9]	20.2	2.4	17.8	
Other business transformation expenses [9]	34.8	1.9	32.9	
Tax matters indemnification (gain)/loss, net [10]	(2.6)	1.1	(3.7)	
Internet sales leads earnings [11]	—	(2.5)	2.5	
Adjusted EBITDA	**$ 562.1**	**$ 462.0**	**$ 100.1**	**22%**
Adjusted margin %	*26.6%*	*22.9%*		

(1) Net earnings attributable to noncontrolling interest included within the financial statements for the periods presented.

(2) Provision for income taxes included within the financial statements for the periods presented.

(3) Interest expense included within the financial statements for the periods presented.

(4) Depreciation and amortization included within the financial statements for the periods presented, including the accelerated amortization attributable to the Cobalt trademark recognized during the second quarter of fiscal 2015.

(5) Incremental costs incurred in fiscal 2015 that were directly attributable to our spin-off from ADP.

(6) Incremental costs associated with the formation of corporate departments as a stand-alone public company. These costs were incurred in fiscal 2016 and have been reflected as adjustments in fiscal 2015 to present all periods on a comparable basis.

(7) Elimination of the royalty paid to ADP for the utilization of the ADP trademark during fiscal 2015 prior to our spin-off from ADP, as there was no comparable royalty after the spin-off.

(8) Total stock-based compensation expense recognized for the periods presented, of which $3.5 million relates to incremental expense in connection with the CEO transition.

(9) Restructuring expense recognized in connection with our business transformation plan in fiscal 2016 and 2015. Other business transformation expenses are included within cost of revenues and selling, general and administrative expenses and were incurred in connection with our business transformation plan in fiscal 2016 and 2015. Other business transformation expenses exclude $4.9 million of accelerated depreciation expense and stock-based compensation expense for fiscal 2016 for purposes of calculating adjusted EBITDA.

(10) Net (gain)/loss recorded within other income, net associated with an indemnification receivable from ADP or liability to ADP for pre spin-off tax periods in accordance with the tax matters agreement.

(11) Elimination of earnings before income taxes related to the internet sales leads business. Earnings before income taxes related to the internet sales leads business includes the loss recognized on the sale of $0.8 million in fiscal 2015.

Adjusted EBITDA. Adjusted EBITDA for fiscal 2016 increased $100.1 million as compared to fiscal 2015. Adjusted margin increased from 22.9% to 26.6%. Adjusted EBITDA was favorably impacted by operating efficiencies inclusive of revenue growth in our segments and benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower-headcount and geographic mix, a vendor-related obligation in the RSNA segment established during fiscal 2015 and extinguished in the first quarter of fiscal 2016, and prior year non-recurring severance accruals in the RSNA and CDKI segments. The favorable effects of these items were partially offset by increased costs associated with the migration of hosting facilities that support the RSNA segment, an increase in employee-related costs, primarily related to incentive compensation for the RSNA segment, an accrual for estimated cash payments of $5.3 million in connection with the CEO transition, a reduction of our accounts receivable allowances in the RSNA and ANA segments in fiscal 2015 due to a change in estimate, and fluctuations in foreign currency exchange rates.

Analysis of Reportable Segments

The following is a discussion of the results of our operations by reportable segment for fiscal 2016 and 2015. Certain expenses are charged to the reportable segments at a standard rate for management reporting purposes. Other costs are charged to the reportable segments based on management's responsibility for the applicable costs.

Retail Solutions North America

The table below presents the reconciliation of revenues to constant currency adjusted revenues and earnings before income taxes to constant currency adjusted earnings before income taxes for the RSNA segment. Refer to the footnotes in "Consolidated Non-GAAP Results" for additional information on the adjustments presented below.

	Years Ended June 30,		Change	
	2016	2015	$	%
Revenues	**$1,521.3**	**$1,501.2**	**$ 20.1**	**1%**
Internet sales leads revenues	—	(46.2)	46.2	
Adjusted revenues	**$1,521.3**	**$1,455.0**	**$ 66.3**	**5%**
Impact of exchange rates	13.1	—	13.1	
Constant currency adjusted revenues	$1,534.4	$1,455.0	$ 79.4	5 %
Earnings before income taxes	**$ 481.3**	**$ 411.4**	**$ 69.9**	**17%**
Margin %	*31.6%*	*27.4%*		
Stand-alone public company costs	—	(2.1)	2.1	
Accelerated trademark amortization	—	5.5	(5.5)	
Internet sales leads earnings	—	(2.5)	2.5	
Adjusted earnings before income taxes	**$ 481.3**	**$ 412.3**	**$ 69.0**	**17%**
Adjusted margin %	*31.6%*	*28.3%*		
Impact of exchange rates	5.4	—	5.4	
Constant currency adjusted earnings before income taxes	$ 486.7	$ 412.3	$ 74.4	18 %

The table below presents revenue by type for the RSNA segment:

	Years Ended June 30,		Change	
	2016	2015	$	%
Subscription revenue	$ 1,191.2	$ 1,124.7	$ 66.5	6 %
Transaction revenue	179.1	204.3	(25.2)	(12)%
Other revenue	151.0	172.2	(21.2)	(12)%
Total	$ 1,521.3	$ 1,501.2	$ 20.1	1 %

Revenues. RSNA revenues for fiscal 2016 increased $20.1 million as compared to fiscal 2015. RSNA revenues were unfavorably impacted by the strength of the U.S. dollar against the Canadian dollar on a constant currency basis, which

contributed to a decrease of $13.1 million. In addition, RSNA revenues were unfavorably impacted by the internet sales leads business, which was sold on May 21, 2015, and contributed $46.2 million in revenues during fiscal 2015. The internet sales leads business contributed to a decrease in revenues of approximately 4 percentage points.

Subscription revenues grew due to an increase in average revenue per DMS customer site of 5%, which resulted from a combination of increased sales of new or expanded solutions to our existing customer base and pricing. Additionally, DMS customer site count as of June 30, 2016 was 14,533 sites compared to 14,219 sites as of June 30, 2015, an increase of approximately 2%. This was partially offset by a reduction in the number of websites. On a combined basis, the increase in DMS customer sites and average revenue per DMS customer site contributed $66.5 million of revenue growth that includes an unfavorable currency impact of $11.8 million. Transaction revenues contributed a decrease in revenues of $25.2 million primarily due to the sale of the internet sales leads business. Without the impact of internet sales leads business transaction revenues grew $21.0 million due to vehicle registrations, which include the effect of revenues contributed by the AVRS acquisition. Other revenue items contributed a decrease in revenues of $21.2 million that includes an unfavorable currency impact of $1.3 million primarily due to a reduction in hardware sales.

Acquisitions contributed approximately 2 percentage points of adjusted RSNA revenue growth.

Earnings before Income Taxes. RSNA earnings before income taxes for fiscal 2016 increased $69.9 million as compared to fiscal 2015. Margin increased from 27.4% to 31.6%. The impact of foreign exchange rates on RSNA earnings before income taxes was a decrease of $5.4 million, or approximately 1 percentage point. During fiscal 2015, the effect of the accelerated trademark amortization was partially offset by the effect of the internet sales leads business and stand-alone public company costs on earnings before income taxes.

RSNA earnings before income taxes were favorably impacted by operating efficiencies inclusive of revenue growth as discussed above and benefits obtained from ongoing initiatives under our business transformation plan, primarily related to lower headcount and geographic labor mix, a vendor-related contractual obligation established during fiscal 2015 and extinguished in the first quarter of fiscal 2016, a prior year non-recurring severance accrual, and the sale of the internet sales leads business, which was a lower margin business. The favorable effects of these items were partially offset by increased costs associated with the migration of hosting facilities, an increase in employee-related costs, primarily related to incentive compensation, a reduction of our accounts receivable allowances in fiscal 2015 as a result of a change in estimate, and stand-alone public company costs.

Advertising North America

The table below presents the reconciliation of revenues to constant currency revenues and earnings before income taxes to constant currency adjusted earnings before income taxes for the ANA segment. Refer to the footnotes in "Consolidated Non-GAAP Results" for additional information on the adjustments presented below.

	Years Ended June 30,		Change	
	2016	2015	$	%
Revenues	**$ 279.7**	**$ 243.1**	**$ 36.6**	**15%**
Impact of exchange rates	0.1	—	0.1	
Constant currency revenues	$ 279.8	$ 243.1	$ 36.7	15 %
Earnings before income taxes	**$ 27.5**	**$ (0.8)**	**$ 28.3**	**n/m**
Margin %	*9.8%*	*(0.3)%*		
Accelerated trademark amortization	—	10.1	(10.1)	
Adjusted earnings before income taxes	**$ 27.5**	**$ 9.3**	**$ 18.2**	**196%**
Adjusted margin %	*9.8%*	*3.8 %*		
Impact of exchange rates	0.1	—	0.1	
Constant currency adjusted earnings before income taxes	$ 27.6	$ 9.3	$ 18.3	197 %

Revenues. ANA revenues for fiscal 2016 increased $36.6 million as compared to fiscal 2015. The impact of foreign exchange rates on ANA revenues was a decrease of $0.1 million. The overall increase in revenues was due to an increase in OEM driven local marketing association internet advertising placements.

Earnings before Income Taxes. ANA earnings before income taxes for fiscal 2016 increased $28.3 million as compared to fiscal 2015. Margin increased from (0.3%) to 9.8%. The effect of accelerated trademark amortization during fiscal 2015 contributed to a significant decrease in earnings before income taxes. The impact of foreign exchange rates on ANA earnings before income taxes was a decrease of $0.1 million, or 1 percentage points. ANA earnings before income taxes were also favorably impacted by growth in revenues, including higher margin advertising revenues, and operating efficiencies from lower expenses as a result of headcount scale, geographic labor mix, and labor-related costs and benefits obtained from ongoing initiatives under our business transformation plan. The favorable effects of these items were partially offset by a reduction of our accounts receivable allowances in fiscal 2015 as a result of a change in estimate.

CDK International

The table below presents the reconciliation of revenues to constant currency revenues and earnings before income taxes to constant currency earnings before income taxes for the CDKI segment.

	Years Ended June 30,		Change	
	2016	2015	$	%
Revenue	**$ 313.6**	**$ 319.2**	**$ (5.6)**	**(2)%**
Impact of exchange rates	25.9	—	25.9	
Constant currency revenues	$ 339.5	$ 319.2	$ 20.3	6 %
Earnings before income taxes	**$ 61.1**	**$ 47.3**	**$ 13.8**	**29 %**
Margin %	*19.5%*	*14.8%*		
Impact of exchange rates	4.8	—	4.8	
Constant currency earnings before income taxes	$ 65.9	$ 47.3	$ 18.6	39 %

Revenues. CDKI revenues for fiscal 2016 decreased $5.6 million as compared to fiscal 2015. CDKI revenues were impacted by the strength of the U.S. dollar against the Euro, the Pound Sterling, and the South African Rand, which contributed to a decrease of $25.9 million, or 8 percentage points. CDKI experienced growth in revenues on a constant currency basis primarily due to increased average revenue per customer site.

Earnings before Income Taxes. CDKI earnings before income taxes for fiscal 2016 increased $13.8 million as compared to fiscal 2015. Margin increased from 14.8% to 19.5%. The impact of foreign exchange rates on CDKI earnings before income taxes was a decrease of $4.8 million, or 10 percentage points. CDKI earnings before income taxes were favorably impacted by operating efficiencies, which resulted from increased average revenue per customer site, benefits obtained from ongoing initiatives under our business transformation plan, and reductions to earnings before income taxes recorded in the fourth quarter of fiscal 2015 primarily related to severance and other accruals.

Other Segment

The table below presents the reconciliation of loss before income taxes to constant currency adjusted loss before income taxes for the Other segment. Refer to the footnotes in "Consolidated Non-GAAP Results" for additional information on the adjustments presented below.

	Years Ended June 30,		Change	
	2016	2015	$	%
Loss before income taxes	**$ (200.8)**	**$ (158.0)**	**$ (42.8)**	**(27)%**
Separation costs	—	34.6	(34.6)	
Stand-alone public company costs	—	(14.7)	14.7	
Trademark royalty fee	—	5.7	(5.7)	
Stock-based compensation	—	(0.4)	0.4	
Interest expense	—	(8.2)	8.2	
Restructuring expenses	20.2	2.4	17.8	
Other business transformation expenses	39.7	1.9	37.8	
Tax matters indemnification (gain)/loss, net	(2.6)	1.1	(3.7)	
Adjusted loss before income taxes	**$ (143.5)**	**$ (135.6)**	**$ (7.9)**	**(6)%**
Impact of exchange rates	(0.1)	—	(0.1)	
Constant currency adjusted loss before income taxes	$ (143.6)	$ (135.6)	$ (8.0)	(6)%

The primary components of the Other loss before income taxes are certain costs that are not allocated to our reportable segments, such as interest expense, stock-based compensation expense, stand-alone public company costs, costs that are directly attributable to our spin-off from ADP, costs attributable to the business transformation plan, the trademark royalty fee charged by ADP prior to the spin-off, and certain unallocated expenses.

Loss before Income Taxes. The Other loss before income taxes for fiscal 2016 increased by $42.8 million as compared to fiscal 2015. The Other loss before income taxes was favorably impacted by separation costs incurred, the trademark royalty fee charged by ADP prior to the spin-off, and net tax matters indemnification gain recognized in fiscal 2016 and the loss recognized in fiscal 2015. The favorable effects of these items were partially offset by increased stand-alone public company costs, expenses associated with our business transformation plan, and increased interest expense associated with indebtedness incurred in connection with the spin-off. Excluding the effects of these items, which have been adjusted in the table above, the Other loss before income taxes was unfavorably impacted by an accrual for estimated cash payments and increased stock-based compensation expense of $8.8 million in connection with the CEO transition and increased interest expense related to our 2020 term loan facility and an increase in interest rates on our term loan facilities, partially offset by the realization of a gain on foreign currency denominated transactions with our shared services facility in India.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Capital Structure Overview

Our principal source of liquidity is derived from cash generated through operations. At present, and in future periods, we expect cash generated by our operations, together with existing cash and cash equivalents, availability under our revolving credit facility, and borrowings from the capital markets to be sufficient to cover our cash needs for working capital, capital expenditures, strategic acquisitions, anticipated quarterly dividends, and anticipated stock repurchases.

As of June 30, 2017, cash and cash equivalents were $726.1 million, CDK stockholders' deficit was $73.8 million, and total debt was $2,171.7 million, net of unamortized deferred financing costs of $16.7 million. Working capital as of June 30, 2017 was $772.7 million as compared to $242.1 million as of June 30, 2016. Working capital as used herein excludes current maturities of long-term debt.

Our borrowings consist of two term loan facilities with initial principal amounts of $250.0 million, a term loan facility with an initial principal amount of $400.0 million, 3.30% senior notes with a $250.0 million aggregate principal

amount due in 2019, 4.50% senior notes with a $500.0 million aggregate principal amount due in 2024, and 4.875% senior notes with a $600.0 million aggregate principal amount due in 2027. Interest rates for the 2019 notes and 2024 notes increased to 3.80% from 3.30% and to 5.00% from 4.50%, respectively. Additionally, we have a $300.0 million revolving credit facility, which was undrawn as of June 30, 2017.

Our long-term credit ratings and senior unsecured debt ratings are Ba1 (Stable Outlook) with Moody's, and BB+ (Stable Outlook) with S&P, which are non-investment grade. In November 2016, Moody's lowered its long-term credit rating from Baa3 (Negative Outlook) to Ba1 (Stable Outlook) and S&P lowered its long-term credit rating from BBB- (Negative Outlook) to BB+ (Stable Outlook). We do not believe these long-term credit rating downgrades will have a material impact on our near-term liquidity.

Of the $726.1 million of cash and cash equivalents held as of June 30, 2017, $284.0 million was held by our foreign subsidiaries. Amounts held by foreign subsidiaries, if repatriated to the U.S., would generally be subject to foreign withholding and U.S. income taxes, net of foreign tax credits. During fiscal 2017, the Company underwent an internal legal entity reorganization resulting in a deemed distribution of foreign earnings for U.S. tax purposes of $172.8 million. As a result, the undistributed foreign earnings from a U.S. tax perspective as of June 30, 2017 are $57.4 million. The remaining undistributed foreign earnings are considered indefinitely reinvested, since the U.S. can meet its cash needs without repatriation of foreign cash and our intent is to use these earnings outside of the U.S. to fund local working capital needs and future foreign investments, including potential acquisitions. Our current plans do not demonstrate a need to repatriate the earnings to fund our U.S. operations. In determining whether the undistributed earnings of our foreign subsidiaries are indefinitely reinvested, we consider the following: (i) cash flow forecasts and cash requirements of our U.S business and our foreign subsidiaries, both for the short and long term, (ii) costs associated with indefinite reinvestment plans, including cost of capital and tax consequences, and (iii) local country legal restrictions.

If circumstances change, and it becomes apparent that additional earnings considered indefinitely reinvested will be remitted to the U.S. in the foreseeable future, an additional tax charge may be necessary, which would affect our results of operations and the payment of such taxes would affect our liquidity. Given the uncertain time and manner of repatriation, it is not practicable to estimate the amount of any additional income tax charge on indefinitely reinvested earnings.

Return of Capital Plan

Stock Repurchase Program

In December 2015, the Board of Directors authorized us to repurchase up to $1.0 billion of our common stock as part of our $1.0 billion return of capital plan. In December 2016, we completed our $1.0 billion return of capital plan. In January 2017, the Board of Directors terminated this authorization and replaced it with an authorization for us to repurchase up to $2.0 billion of our common stock as part of a new return of capital plan whereby we expect to return approximately $750.0 million to $1.0 billion per year through 2019 via a combination of dividends and share repurchases. As with the prior authorization, under the new authorization for the stock repurchase program, we may purchase our common stock in the open market or in privately negotiated transactions from time to time as permitted by federal securities laws and other legal requirements. Our new return of capital plan is expected to be funded through a combination of free cash flow and incremental borrowings intended to bring leverage, measured as financial debt, net of cash, divided by adjusted EBITDA, to a range of 2.5x to 3.0x over the period. The actual timing, number, and price of any shares to be repurchased will be determined at management's discretion and will depend on a number of factors, which may include the market price of the shares, general market and economic conditions, the availability and cost of additional indebtedness, and other potential uses for free cash flow including, but not limited to, potential acquisitions.

Dividends to Common Stockholders

The Company declared and paid cash dividends during fiscal 2017 as follows:

Three Months Ended	Record Date	Payment Date	Dividend Per Share	Amount
September 30, 2016	9/16/2016	9/30/2016	$ 0.135	$ 20.2
December 31, 2016	12/20/2016	12/30/2016	0.140	20.4
March 31, 2017	3/1/2017	3/29/2017	0.140	20.4
June 30, 2017	6/20/2017	6/30/2017	0.140	19.7
Total			$ 0.555	$ 80.7

Cash Flows

Our cash flows from operating, investing, and financing activities, as reflected in the consolidated and combined statements of cash flows for fiscal 2017, 2016, and 2015, are summarized as follows:

	Years Ended June 30,			$ Change	
	2017	2016	2015	2017	2016
Cash provided by (used in):					
Operating activities	$ 431.0	$ 320.1	$ 267.9	$ 110.9	$ 52.2
Investing activities	(87.9)	(81.6)	(40.8)	(6.3)	(40.8)
Financing activities	159.9	(419.3)	(199.9)	579.2	(219.4)
Effect of exchange rate changes on cash and cash equivalents	4.0	(8.3)	(21.8)	12.3	13.5
Net change in cash and cash equivalents	$ 507.0	$ (189.1)	$ 5.4	$ 696.1	$ (194.5)

Fiscal 2017 Compared to Fiscal 2016

Net cash flows provided by operating activities were $431.0 million for fiscal 2017 as compared to $320.1 million in fiscal 2016. This $110.9 million increase was primarily due to an increase in cash provided by net earnings adjusted for non-cash items of $115.7 million primarily due to earnings growth in our business. This increase was partially offset by an increase in cash used for working capital of $4.8 million, which was due to cash payments made to our vendors and employees partially offset by the timing of cash payments received from our customers in the normal course of business.

Net cash flows used in investing activities were $87.9 million for fiscal 2017 as compared to $81.6 million in fiscal 2016. This $6.3 million increase in cash used in investing activities was primarily due to an increase in capitalized software and capital expenditures of $29.9 million in fiscal 2017. This was partially offset by cash used for acquisition of business in fiscal 2016.

Net cash flows provided by financing activities were $159.9 million for fiscal 2017 as compared to net cash flows used in financing activities of $419.3 million in fiscal 2016. This $579.2 million decrease in cash used in financing activities was primarily due to new borrowings offset by the return of capital plan. During fiscal 2017, our primary inflows were the new 2027 notes with an aggregate principal amount of $600.0 million and a new term loan facility with initial principal of $400.0 million. These cash inflows were partially offset by repurchases of common stock of $700.0 million, dividend payments to our stockholders of $80.7 million, and the repayments of debt and capital lease obligations of $36.9 million. During fiscal 2016, our primary cash outflows consisted of common stock repurchases of $561.0 million, dividend payments to our stockholders of $82.3 million, and repayments of debt and capital lease obligations of $20.0 million partially offset by the 2020 term loan facility for $250.0 million and $8.9 million of excess tax benefits reflected as financing activity in fiscal 2016 and operating activity in fiscal 2017 with the adoption of ASU 2016-19 effective July 1, 2016.

Fiscal 2016 Compared to Fiscal 2015

Net cash flows provided by operating activities were $320.1 million for fiscal 2016 as compared to $267.9 million in fiscal 2015. This $52.2 million increase was primarily due to an increase in cash provided by net earnings adjusted for non-cash items of $81.9 million primarily due to earnings growth in our business. This increase was partially offset by an increase in cash used for working capital of $29.7 million, which was due to the timing of cash payments received from our customers in the normal course of business primarily in our ANA segment and cash payments made to our vendors and employees.

Net cash flows used in investing activities were $81.6 million for fiscal 2016 as compared to $40.8 million in fiscal 2015. This $40.8 million increase in cash used in investing activities was primarily due to proceeds from notes receivable from ADP and its affiliates of $40.6 million in fiscal 2015, which did not recur in fiscal 2016, and proceeds from the sale of the internet sales leads business of $24.5 million in fiscal 2015, partially offset by a decrease in cash paid for business acquisitions of $18.5 million.

Net cash flows used in financing activities were $419.3 million for fiscal 2016 as compared to $199.9 million in fiscal 2015. This $219.4 million increase in cash used in financing activities was primarily due to cash outflows related to dividend payments to our stockholders of $82.3 million, common stock repurchases of $561.0 million, and the repayment of debt and capital lease obligations of $20.0 million. We entered into our 2020 term loan facility for $250.0 million and used the proceeds for the repurchase of common stock. During fiscal 2015, cash used in financing activities was primarily impacted by proceeds from long-term debt of $1.8 billion, offset by outflows related to the dividend paid to ADP in connection with our spin-off of $825.0 million, repayments of long-term debt of $759.5 million, net transactions of parent company investment of $240.8 million, dividends paid to stockholders of $58.2 million, and common stock repurchases of $50.0 million.

Contractual Obligations

The following table provides a summary of our contractual obligations as of June 30, 2017:

	Payments Due by Period				
Contractual Obligations	Less than 1 year	1-3 years	3-5 years	More than 5	Total
Term loan facilities [1]	$ 45.0	$ 268.1	$ 523.8	$ —	$ 836.9
Senior notes [2]	—	250.0	—	1,100.0	1,350.0
Interest on senior notes [2]	63.8	122.8	108.5	208.8	503.9
Capital lease obligations	1.5	—	—	—	1.5
Operating lease obligations [3]	35.0	30.4	16.2	16.7	98.3
Other long-term liabilities reflected within other liabilities on the consolidated balance sheet [4]	0.2	10.8	0.1	—	11.1
Total	$ 145.5	$ 682.1	$ 648.6	$ 1,325.5	$ 2,801.7

(1) These amounts represent the principal repayments of the term loan facilities included within our consolidated balance sheet as of June 30, 2017. Interest on our term loan facilities is based on variable rates, and interest payments will fluctuate as our interest rates fluctuate each period. Accordingly, future interest payments related to these instruments have been excluded from the table above. The interest rate per annum on the two $250.0 million term loan facilities was 2.98% and the $400.0 million was 2.98% as of June 30, 2017. Refer to Note 13, "Debt" in the accompanying notes to the consolidated and combined financial statements in this Annual Report on Form 10-K for further information.

(2) These amounts represent the principal repayments of the senior notes included within our consolidated balance sheet as of June 30, 2017 and expected future interest payments over the term of the senior notes based on the stated interest rates in effect as of June 30, 2017. Our 2019 notes bear interest at a rate of 3.80%, our 2024 notes bear interest at a rate of 5.00%, and our 2027 notes bear interest at a rate of 4.875%. Interest is payable semi-annually on April 15 and October 15 of each year for the 2019 and 2024 notes, and June 1 and December 1 of each year for the 2027 notes, with payments commencing December 1, 2017. Refer to Note 13, "Debt" in the accompanying notes to the consolidated and combined financial statements in this Annual Report on Form 10-K for further information.

(3) These amounts represent various operating leases for facilities and equipment entered into in the normal course of business. The majority of our lease agreements have fixed payment terms based on the passage of time. Certain facility and equipment leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices. Our future operating lease obligations could change if we exit certain contracts or if we enter into additional operating lease agreements.

(4) Other long-term liabilities for which a payment date is readily available include a contingent consideration payable in installments through January 31, 2020 for the acquisition of certain assets of RedBumper, LLC and NewCarIQ, LLC, software license fees, and cash settlements expected for restricted stock units accounted for as liability awards based on the closing price of our common stock on June 30, 2017.

In the normal course of business, we also enter into contracts in which we make representations and warranties that relate to the performance of our services and products. We do not expect any material losses related to such representations and warranties.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any off-balance sheet arrangements consisting of transactions, agreements, or other contractual arrangements to which an entity not consolidated in our financial statements was a party. However, in the normal course of operations, we may enter into contractual obligations consisting of operating lease obligations and purchase commitments. Such obligations have been presented under the caption "Contractual Obligations."

Related Party Agreements

Refer to Note 8, "Income Taxes" and Note 17, "Transactions with ADP" to our consolidated and combined financial statements under Item 8 of Part II of this Annual Report on Form 10-K for financial information regarding agreements entered into with ADP as part of the spin-off.

CRITICAL ACCOUNTING POLICIES

Our consolidated and combined financial statements and accompanying notes have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates, judgments, and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses. We continually evaluate the accounting policies and estimates used to prepare the consolidated and combined financial statements. Estimates are based on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial condition are discussed below.

Revenue Recognition

We recognize software revenues in accordance with Accounting Standards Codification (“ASC”) 985-605, “Software - Revenue Recognition,” and non-software related revenue, including SaaS, in accordance with ASC 605, "Revenue Recognition" ("ASC 605").

We generate revenues from four categories: subscription, digital advertising, transactional services, and other. Taxes collected from customers and remitted to governmental authorities are presented on a net basis; that is, such taxes are excluded from revenues.

Subscription. In the RSNA and CDKI segments, we provide software and technology solutions for automotive retailers and OEMs, which includes:

- Dealer Management Systems DMSs and layered applications, where the software may be installed onsite at the customer’s location, or hosted and provided on a SaaS basis, including ongoing maintenance and support;
- Interrelated services such as installation, initial training, and data updates;
- Websites, search marketing, and reputation management services (RSNA only); and
- Hardware on a service basis, meaning no specific assets are identified or a substantive right of substitution exists.

Revenues for term licenses are recognized ratably over the software license term, as vendor-specific objective evidence of the fair values of the individual elements in the sales arrangement does not exist. Revenue recognition commences at the installation dates, when customer acceptance has occurred, and collectability of a determinable amount is probable. In the case of hosted applications, the customer does not have the contractual right to take possession of the software and the items delivered at the outset of the contract (e.g., installation, training, etc.) do not have value to the customer without the software license and ongoing support and maintenance. Any upfront fees charged in the case of hosted arrangements are recognized ratably over the expected benefit period of the arrangement, typically five years. The unrecognized portion of these revenue elements is recorded as deferred revenue.

Advertising services. In the ANA segment, we receive revenues from the placement of internet advertising for automotive retailers and OEMs. Advertising revenues are recognized when the services are rendered.

Transaction revenues. In the RSNA segment, we receive fees per transaction for providing auto retailers interfaces with third parties to process credit reports, vehicle registrations, and automotive equity mining. Revenue is recognized at the time the services are rendered. Transaction revenues are recorded in revenues gross of costs incurred for credit report processing, vehicle registrations, and automotive equity mining as we are contractually responsible for providing the service, software, and/or connectivity to the customers, and therefore, we are the primary obligor under ASC 605.

Other. We provide consulting and professional services and sell hardware such as laser printers, networking and telephony equipment, and related items. These revenues are recognized upon their delivery or service completion.

Stock-Based Compensation

Certain of our employees (a) have been granted stock options to purchase shares of our common stock and (b) have been granted restricted stock or restricted stock units under which shares of our common stock vest based on the passage of time or achievement of performance and market conditions.

We recognize stock-based compensation expense in net earnings based on the fair value of the award on the date of the grant. We determine the fair value of stock options issued using a binomial option-pricing model. The binomial option-pricing model considers a range of assumptions related to volatility, dividend yield, risk-free interest rate, and employee exercise behavior. Expected volatilities utilized in the binomial option pricing model are based on a combination of implied market volatilities and historical volatilities of peer companies. We use a peer group of companies to determine volatility due to the limited trading history associated with our common stock. Inclusion of our stock volatility in the valuation of future stock option grants may impact stock-based compensation expense recognized. Similarly, the dividend yield is based on historical experience and expected future dividend payments. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial option pricing model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of a stock option grant is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

The grant date fair value of restricted stock and restricted stock units that vest upon achievement of service conditions is based on the closing price of our common stock on the date of grant. We also grant performance-based awards that vest over a performance period. Under these programs, we communicate “target awards” at the beginning of the performance period with possible payouts at the end of the performance period ranging from 0% to 250% of the target awards. Certain of our performance-based awards are further subject to adjustment (increase or decrease) based on a market condition defined as total shareholder return of our common stock compared to a peer group of companies. The fair value of performance-based awards subject to a market condition is determined using a Monte Carlo simulation model. The principal variable assumptions utilized in determining the grant date fair value of performance-based awards subject to a market condition include the risk-free rate, stock volatility, dividend yield, and correlations between our stock price and the stock prices of the peer group of companies. The probability associated with the achievement of performance conditions affects the vesting of our performance-based awards. Expense is only recognized for those shares expected to vest. We adjust stock-based compensation expense (increase or decrease) when it becomes probable that actual performance will differ from our estimate.

Upon adopting ASU 2016-09 in fiscal 2017, we recognize forfeitures when they occur and no longer estimate a forfeiture rate to recognize stock-based compensation expense.

Income Taxes

Income tax expense is recognized for the amount of taxes payable or refundable for the current year. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Management must make assumptions, judgments, and estimates to determine the provision for income taxes, taxes payable or refundable, and deferred tax assets and liabilities. Our assumptions, judgments, and estimates take into consideration the realization of deferred tax assets and changes in tax laws or interpretations thereof. Our income tax returns are subject to examination by various tax authorities. A change in the assessment of the outcomes of such matters could materially impact our consolidated and combined financial statements.

We record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future taxable income, and prudent and feasible tax planning strategies. In the event we determine that it is more likely than not that an entity will be unable to realize all or a portion of its deferred tax assets in the future, we would increase the valuation allowance and recognize a corresponding charge to earnings in the period in which such a determination is made. Likewise, if we later determine that it is more likely than not that the deferred tax assets will be realized, we would reverse the applicable portion of the previously recognized valuation allowance. In order to realize deferred tax assets, we must be able to generate sufficient taxable income of the appropriate character in the jurisdictions in which the deferred tax assets are located.

We recognize tax benefits for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in our income tax returns that do not meet these recognition and measurement standards. Assumptions, judgments, and the use of estimates are required in determining whether the "more likely than not" standard has been met when developing the provision for income taxes.

If certain pending tax matters settle within the next twelve months, the total amount of unrecognized tax benefits may increase or decrease for all open tax years and jurisdictions. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, the current taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known.

Prior to the spin-off, we computed the provision for income taxes under the Separate Return Method, which applies the accounting guidance for income taxes to the stand-alone financial statements "as if" we were a separate taxpayer and a stand-alone enterprise for the periods presented. For tax periods prior to the spin-off, our operations were included in the income tax returns of ADP for U.S. federal income tax purposes and for certain consolidated, combined, unitary, or similar group filings for U.S. state and local and foreign tax jurisdictions. Subsequent to the spin-off, we file our own U.S. federal, state, and foreign income tax returns.

Goodwill

We test goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. In July 2016, we revised our reportable segments and reporting units due to changes in how the chief operating decision maker regularly reviews information for purposes of allocating resources and assessing performance. Due to the change in organization structure, we expanded our reporting units from three to five.

We test impairment by first comparing the fair value of each reporting unit to its carrying amount. If the carrying value for a reporting unit exceeds its fair value, we then compare the implied fair value of our goodwill to the carrying amount in order to determine the amount of the impairment, if any.

We estimate the fair value of our reporting units by weighting the results from the income approach, which is the present value of expected cash flows discounted at a risk-adjusted weighted-average cost of capital, and the market approach, which uses market multiples of companies in similar lines of business. These valuation approaches require significant judgment and consider a number of factors including assumptions about the future growth and profitability of our reporting units, the determination of appropriate comparable publicly traded companies in our industry, discount rates, and terminal growth rates. An adverse change to the fair value of reporting units could result in an impairment charge which could be material to our consolidated earnings.

Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of the asset to its undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flow, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value. Given the significance of our long-lived assets, an adverse change to the fair value of our long-lived assets could result in an impairment charge which could be material to our consolidated earnings.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to Note 3, "New Accounting Pronouncements" to our consolidated and combined financial statements under Item 8 of Part II of this Annual Report on Form 10-K for financial information regarding recently issued and adopted accounting pronouncements including the effects on our results of operations, financial condition, and cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to interest rate risk related to our revolving credit facility and term loan facilities as those arrangements contain interest rates that are not fixed. As of June 30, 2017, our revolving credit facility was undrawn. The interest rate per annum on the two $250.0 million term loan facilities was 2.98% and on the $400.0 million term loan facility was 2.98% as of June 30, 2017. A hypothetical increase in the interest rate of 30 basis points would have resulted in an immaterial impact on earnings before income taxes for the year ended June 30, 2017.

We operate and transact business in various foreign jurisdictions and are therefore exposed to market risk from changes in foreign currency exchange rates that could impact our financial condition, results of operations, and cash flows. We have not been materially impacted by fluctuations in foreign currency exchange rates as a significant portion of our business is transacted in U.S. dollars, and is expected to continue to be transacted in U.S. dollars or U.S. dollar-based currencies. As of June 30, 2017, operations in foreign jurisdictions were principally transacted in Canadian dollars, Euros, Pound Sterling, and Renminbi. A hypothetical change in all foreign currency exchange rates of 10% would have resulted in an increase or decrease in consolidated operating earnings of approximately $11.5 million for the year ended June 30, 2017.

We manage our exposure to these market risks through our regular operating and financing activities. In the future, we may use derivative financial instruments as risk management tools.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CDK Global, Inc.
Hoffman Estates, Illinois

We have audited the accompanying consolidated balance sheets of CDK Global, Inc. and subsidiaries (the "Company") as of June 30, 2017 and 2016, and the related consolidated and combined statements of operations, comprehensive income, (deficit) equity, and cash flows for each of the three years in the period ended June 30, 2017. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated and combined financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of June 30, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated and combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated and combined financial statements, prior to September 30, 2014 the accompanying combined financial statements were derived from the consolidated financial statements and accounting records of Automatic Data Processing, Inc. ("ADP"). The accompanying combined financial statements include expense allocations for certain corporate functions historically provided by ADP. These allocations may not be reflective of the actual expenses which would have been incurred had the Company operated as a separate entity apart from ADP during the periods prior to September 30, 2014.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 8, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Chicago, IL
August 8, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
CDK Global, Inc.
Hoffman Estates, Illinois

We have audited the internal control over financial reporting of CDK Global, Inc. and subsidiaries (the "Company") as of June 30, 2017 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended June 30, 2017 of the Company and our report dated August 8, 2017 expressed an unqualified opinion on those financial statements and financial statement schedule and includes an explanatory paragraph related to the inclusion of expense allocations for certain corporate functions historically provided by Automatic Data Processing, Inc.

/s/ DELOITTE & TOUCHE LLP
Chicago, IL
August 8, 2017

CDK Global, Inc.
Consolidated and Combined Statements of Operations
(In millions, except per share amounts)

	Years Ended June 30,		
	2017	2016	2015
Revenues	$ 2,220.2	$ 2,114.6	$ 2,063.5
Expenses:			
Cost of revenues	1,234.9	1,243.4	1,273.2
Selling, general and administrative expenses	477.7	448.5	431.1
Restructuring expenses	18.4	20.2	2.4
Separation costs	—	—	34.6
Total expenses	1,731.0	1,712.1	1,741.3
Operating earnings	489.2	402.5	322.2
Interest expense	(57.2)	(40.2)	(28.8)
Other income, net	3.3	6.8	6.5
Earnings before income taxes	435.3	369.1	299.9
Provision for income taxes	(132.8)	(122.3)	(113.6)
Net earnings	302.5	246.8	186.3
Less: net earnings attributable to noncontrolling interest	6.9	7.5	7.9
Net earnings attributable to CDK	$ 295.6	$ 239.3	$ 178.4
Net earnings attributable to CDK per common share:			
Basic	$ 2.01	$ 1.52	$ 1.11
Diluted	$ 1.99	$ 1.51	$ 1.10
Weighted-average common shares outstanding:			
Basic	146.7	157.0	160.6
Diluted	148.2	158.0	161.6

See notes to the consolidated and combined financial statements.

CDK Global, Inc.
Consolidated and Combined Statements of Comprehensive Income
(In millions)

	Years Ended June 30,		
	2017	2016	2015
Net earnings	$ 302.5	$ 246.8	$ 186.3
Other comprehensive income (loss):			
Currency translation adjustments	2.2	(45.8)	(34.1)
Other comprehensive income (loss)	2.2	(45.8)	(34.1)
Comprehensive income	304.7	201.0	152.2
Less: comprehensive income attributable to noncontrolling interest	6.9	7.5	7.9
Comprehensive income attributable to CDK	$ 297.8	$ 193.5	$ 144.3

See notes to the consolidated and combined financial statements.

CDK Global, Inc.
Consolidated Balance Sheets
(In millions, except per share par value)

	June 30,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 726.1	$ 219.1
Accounts receivable, net of allowances of $6.3 and $7.1, respectively	372.1	365.5
Other current assets	180.6	154.1
Total current assets	1,278.8	738.7
Property, plant and equipment, net	135.0	118.6
Other assets	184.1	217.2
Goodwill	1,181.2	1,182.7
Intangible assets, net	104.0	107.8
Total assets	$ 2,883.1	$ 2,365.0
Liabilities and (Deficit) Equity		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 46.5	$ 26.8
Accounts payable	38.9	38.8
Accrued expenses and other current liabilities	188.7	165.3
Accrued payroll and payroll-related expenses	106.2	115.3
Short-term deferred revenues	172.3	177.2
Total current liabilities	552.6	523.4
Long-term debt and capital lease obligations	2,125.2	1,190.3
Long-term deferred revenues	136.1	157.7
Deferred income taxes	65.9	46.9
Other liabilities	60.1	70.5
Total liabilities	2,939.9	1,988.8
(Deficit) Equity:		
Preferred stock, $0.01 par value: Authorized, 50.0 shares; issued and outstanding, none	—	—
Common stock, $0.01 par value: Authorized, 650.0 shares; issued, 160.3 and 160.3 shares, respectively; outstanding, 140.0 and 150.1 shares, respectively	1.6	1.6
Additional paid-in-capital	608.6	640.7
Retained earnings	452.7	238.3
Treasury stock, at cost: 20.3 and 10.2 shares, respectively	(1,144.7)	(526.6)
Accumulated other comprehensive income	8.0	5.8
Total CDK stockholders' (deficit) equity	(73.8)	359.8
Noncontrolling interest	17.0	16.4
Total (deficit) equity	(56.8)	376.2
Total liabilities and (deficit) equity	$ 2,883.1	$ 2,365.0

See notes to the consolidated and combined financial statements.

CDK Global, Inc.
Consolidated and Combined Statements of Cash Flows
(In millions)

	Years Ended June 30,		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net earnings	$ 302.5	$ 246.8	$ 186.3
Adjustments to reconcile net earnings to cash flows provided by operating activities:			
Depreciation and amortization	70.3	64.0	76.5
Deferred income taxes	20.9	(3.6)	(25.3)
Stock-based compensation expense	55.4	36.4	30.4
Pension expense	—	—	0.8
Other	4.6	(5.6)	(12.6)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Increase in accounts receivable	(8.3)	(57.0)	(16.9)
(Increase) decrease in other assets	(1.9)	3.0	(24.3)
Increase in accounts payable	4.4	15.3	3.0
(Decrease) increase in accrued expenses and other liabilities	(16.9)	20.8	50.0
Net cash flows provided by operating activities	431.0	320.1	267.9
Cash Flows from Investing Activities:			
Capital expenditures	(62.4)	(50.8)	(44.0)
Proceeds from sale of property, plant and equipment	0.5	1.1	0.9
Capitalized software	(31.8)	(13.5)	(19.9)
Acquisitions of businesses, net of cash acquired	—	(18.1)	(36.6)
Proceeds from the sale of a business	—	—	24.5
Contributions to investments	(2.1)	(10.0)	(22.9)
Proceeds from investments	7.9	9.7	16.6
Proceeds from notes receivable from ADP and its affiliates	—	—	40.6
Net cash flows used in investing activities	(87.9)	(81.6)	(40.8)
Cash Flows from Financing Activities:			
Repayments of notes payable to ADP and its affiliates	—	—	(21.9)
Net transactions of parent company investment	—	—	(240.8)
Proceeds from long-term debt	1,000.0	250.0	1,750.0
Repayments of long-term debt and capital lease obligations	(36.9)	(20.0)	(759.5)
Dividend paid to ADP at spin-off	—	—	(825.0)
Dividends paid to stockholders	(80.7)	(82.3)	(58.2)
Repurchases of common stock	(700.0)	(561.0)	(50.0)
Proceeds from exercise of stock options	14.7	6.7	9.8
Excess tax benefit from stock-based compensation awards	—	8.9	11.2
Withholding tax payments for stock-based compensation awards	(12.2)	(8.7)	(0.9)
Dividend payments to noncontrolling owners	(6.3)	(5.0)	(5.4)
Payments of deferred financing costs	(10.6)	(2.1)	(9.2)
Acquisition-related payments	(8.1)	(6.2)	—
Recovery of dividends paid (Note 1D)	—	0.4	—
Net cash flows provided by (used in) financing activities	159.9	(419.3)	(199.9)
Effect of exchange rate changes on cash and cash equivalents	4.0	(8.3)	(21.8)
Net change in cash and cash equivalents	507.0	(189.1)	5.4
Cash and cash equivalents, beginning of period	219.1	408.2	402.8
Cash and cash equivalents, end of period	$ 726.1	$ 219.1	$ 408.2

	Years Ended June 30,		
	2017	2016	2015
Supplemental Disclosure:			
Cash paid for:			
Income taxes and foreign withholding taxes, net of refunds	$ 120.3	$ 109.4	$ 120.8
Interest	49.6	37.8	19.2
Non-cash transactions:			
Non-cash consideration issued for acquisitions (Note 4)	—	13.5	8.5

See notes to the consolidated and combined financial statements.

CDK Global, Inc.
Consolidated and Combined Statements of (Deficit) Equity
(In millions)

	Common Stock		Additional Paid-in-Capital	Retained Earnings	Treasury Stock	Net Parent Company Investment	Accumulated Other Comprehensive Income	Total CDK Stockholders' (Deficit) Equity	Non-controlling Interest	Total (Deficit) Equity
	Shares Issued	Amount								
Balance as of June 30, 2014	—	$ —	$ —	$ —	$ —	$ 1,712.2	$ 85.7	$ 1,797.9	$ 11.4	$ 1,809.3
Net earnings	—	—	—	139.4	—	39.0	—	178.4	7.9	186.3
Foreign currency translation adjustments	—	—	—	—	—	—	(34.1)	(34.1)	—	(34.1)
Net distributions to Parent	—	—	—	—	—	(271.8)	—	(271.8)	—	(271.8)
Dividend paid to ADP	—	—	—	—	—	(825.0)	—	(825.0)	—	(825.0)
Reclassifications of net parent company investment to common stock and additional paid-in-capital in conjunction with the spin-off	160.6	1.6	652.8	—	—	(654.4)	—	—	—	—
Stock-based compensation expense	—	—	17.5	—	—	—	—	17.5	—	17.5
Common stock issued for the exercise and vesting of stock-based compensation awards, net	0.7	—	8.9	—	—	—	—	8.9	—	8.9
Excess tax benefit from stock-based compensation awards	—	—	7.3	—	—	—	—	7.3	—	7.3
Cash dividends paid to stockholders	—	—	—	(58.2)	—	—	—	(58.2)	—	(58.2)
Repurchases of common stock	—	—	—	—	(50.7)	—	—	(50.7)	—	(50.7)
Dividend payments to noncontrolling owners	—	—	—	—	—	—	—	—	(5.4)	(5.4)
Balance as of June 30, 2015	161.3	1.6	686.5	81.2	(50.7)	—	51.6	770.2	13.9	784.1
Net earnings	—	—	—	239.3	—	—	—	239.3	7.5	246.8
Foreign currency translation adjustments	—	—	—	—	—	—	(45.8)	(45.8)	—	(45.8)
Stock-based compensation expense	—	—	31.7	(0.3)	—	—	—	31.4	—	31.4
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—	(32.6)	—	30.6	—	—	(2.0)	—	(2.0)
Excess tax benefit from stock-based compensation awards	—	—	8.9	—	—	—	—	8.9	—	8.9
Cash dividends paid to stockholders	—	—	—	(82.3)	—	—	—	(82.3)	—	(82.3)
Repurchases of common stock	—	—	(53.8)	—	(506.5)	—	—	(560.3)	—	(560.3)
Dividend payments to noncontrolling owners	—	—	—	—	—	—	—	—	(5.0)	(5.0)
Correction of common stock issued in connection with the spin-off and dividends paid (Note1D)	(1.0)	—	—	0.4	—	—	—	0.4	—	0.4
Balance as of June 30, 2016	160.3	1.6	640.7	238.3	(526.6)	—	5.8	359.8	16.4	376.2
Net earnings	—	—	—	295.6	—	—	—	295.6	6.9	302.5
Foreign currency translation adjustments	—	—	—	—	—	—	2.2	2.2	—	2.2
Stock-based compensation expense and related dividend equivalents	—	—	47.3	(0.5)	—	—	—	46.8	—	46.8
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—	(45.1)	—	47.6	—	—	2.5	—	2.5
Cash dividends paid to stockholders	—	—	—	(80.7)	—	—	—	(80.7)	—	(80.7)
Repurchases of common stock	—	—	(34.3)	—	(665.7)	—	—	(700.0)	—	(700.0)
Dividend payments to noncontrolling owners	—	—	—	—	—	—	—	—	(6.3)	(6.3)
Balance as of June 30, 2017	160.3	$ 1.6	$ 608.6	$ 452.7	$ (1,144.7)	$ —	$ 8.0	$ (73.8)	$ 17.0	$ (56.8)

See notes to the consolidated and combined financial statements.

Note 1. Basis of Presentation

A. Spin-off

On April 9, 2014, the board of directors of Automatic Data Processing, Inc. (“ADP”) approved the spin-off of the Dealer Services business of ADP. On September 30, 2014, the spin-off became effective and ADP distributed 100% of the common stock of CDK Global, Inc. (the "Company" or "CDK") to the holders of record of ADP's common stock as of September 24, 2014 (the "spin-off").

Concurrent with the spin-off, the Company and ADP entered into several agreements providing for transition services and governing relationships between the Company and ADP. Refer to Notes 8 and 17 for further information.

B. Description of Business

The Company is a leading global provider of integrated information technology and digital marketing solutions to the automotive retail and adjacent industries. The Company’s solutions automate and integrate all parts of the buying process from targeted digital advertising and marketing campaigns to the sale, financing, insuring, parts supply, repair, and maintenance of vehicles.

Effective July 1, 2016, the Company executed a comprehensive reorganization to streamline its organization to enable it to deliver an improved customer experience, create significant efficiencies, and better align it to implement the ongoing business transformation plan discussed in Note 5. The Company reorganized into two main operating groups. In connection with the reorganization, the Company's operating segments were changed. The company's first operating group is CDK North America which is comprised of two reportable segments, Retail Solutions North America ("RSNA") and Advertising North America ("ANA"). The second operating group, which is also a reportable segment, is CDK International ("CDKI"). In addition, the Company has an Other segment, the primary components of which are corporate allocations and other expenses not recorded in the segment results. Refer to Note 18 for further information.

C. Basis of Preparation

The financial statements presented herein represent (i) results of operations, cash flows, and statement of (deficit) equity for periods subsequent to the spin-off and the balance sheets as of June 30, 2017 and 2016 with the Company reporting as a separate publicly-traded company (referred to as "consolidated financial statements"), and (ii) the results of operations, cash flows, and statement of (deficit) equity for periods prior to the spin-off when the Company was a wholly owned subsidiary of ADP (referred to as "combined financial statements"). Throughout this Annual Report on Form 10-K, references to the "financial statements" mean the "consolidated and combined financial statements," unless the context indicates otherwise.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect assets, liabilities, revenues, and expenses that are reported in the accompanying financial statements and footnotes thereto. Actual results may differ from those estimates. These financial statements present the consolidated and combined results of operations of the Company, which was under common control and common management by ADP until the spin-off. The historical financial results in the accompanying financial statements presented may not be indicative of the results that would have been achieved had the Company operated as a separate, stand-alone entity.

Prior to the spin-off, the financial statements of the Company included costs for facilities, functions, and services used by the Company at shared ADP sites and costs for certain functions and services performed by centralized ADP organizations and directly charged to the Company based on revenues and headcount. Following the spin-off, the Company performs these functions using internal resources or purchased services, certain of which were provided by ADP during a transitional period that ended September 30, 2015 pursuant to the transition services agreement. Refer to Note 17 for further information on the agreements entered into with ADP as a result of the spin-off. The expenses allocated to the Company for these services are not necessarily indicative of the expenses that would have been incurred if the Company had been a separate, independent entity and had otherwise managed these functions. The financial statements of the Company include the following transactions with ADP or its affiliates:

Separation Costs. The financial statements of the Company include certain incremental costs that are directly attributable to the spin-off. Prior to the spin-off, separation costs were paid by ADP and allocated to the Company. These costs related to professional services and amounted to $34.6 million for the year ended 2015 ("fiscal 2015"). The Company did not incur any separation costs during the years ended June 30, 2017 and June 30, 2016 ("fiscal 2017" and "fiscal 2016," respectively).

Overhead Expenses. Prior to the spin-off, the financial statements of the Company included an allocation of certain general expenses of ADP and its affiliates, which were in support of the Company, including departmental costs for travel, procurement, treasury, tax, internal audit, risk management, real estate, benefits, and other corporate and infrastructure costs. The Company was allocated overhead costs related to ADP's shared functions of $7.1 million for fiscal 2015. The Company was not allocated any overhead costs related to ADP's shared functions following the spin-off. These costs were reported in selling, general and administrative expenses on the consolidated and combined statements of operations. These allocations were based on a variety of factors. The allocation of travel department costs was based on the estimated percentage of travel directly related to the Company. The allocation of benefits was based on the approximate benefit claims or payroll costs directly related to the Company as compared to ADP's total claims and payroll costs. The allocation of real estate management costs was based on the estimated percentage of square footage of facilities for the Company's business that was managed by the ADP corporate real estate department in relation to ADP's total managed facilities. All other allocations were based on an estimated percentage of support staff time or system utilization in comparison to ADP as a whole. Management believes that these allocations were made on a reasonable basis.

Royalty Fees. Prior to the spin-off, the financial statements included a trademark royalty fee charged by ADP to the Company based on revenues for licensing fees associated with the use of the ADP trademark. The Company was charged trademark royalties of $5.7 million for fiscal 2015. The Company was not charged trademark royalty fees following the spin-off. These charges were included in selling, general and administrative expenses on the consolidated and combined statements of operations. Management believes that these allocations were made on a reasonable basis.

Services Received from Affiliated Companies. Prior to the spin-off, certain systems development functions were outsourced to an ADP shared services facility located in India. This facility provides services to the Company as well as to other ADP affiliates. The Company purchased $5.5 million of services from this facility for fiscal 2015. These functions were no longer outsourced to an ADP shared services facility following the spin-off. The charges for these services were included within cost of revenues on the consolidated and combined statements of operations.

Notes Receivable from ADP and its Affiliates and Notes Payable to ADP and its Affiliates. Prior to the spin-off, notes receivable from ADP and its affiliates and notes payable to ADP and its affiliates were settled; therefore, there were no outstanding notes receivable from or payable to ADP and its affiliates in the accompanying consolidated balance sheets as of June 30, 2017 and 2016. Interest income on notes receivable from ADP and its affiliates was $0.2 million for fiscal 2015. The Company recorded interest income on notes receivable from ADP and its affiliates within other income, net on the consolidated and combined statements of operations. Interest expense on notes payable to ADP and its affiliates was $0.2 million for fiscal 2015. The Company recorded interest expense on notes payable to ADP and its affiliates within interest expense on the consolidated and combined statements of operations. There was no interest income or interest expense under similar arrangements following the spin-off.

Other Services. Prior to the spin-off, the Company received other services from ADP and its affiliates (e.g., payroll processing services). The Company was charged primarily at a fixed rate per employee per month for such payroll processing services. Expenses incurred for such services were $0.4 million for fiscal 2015. The Company did not incur expenses for such services following the spin-off. These expenses were included in selling, general and administrative expenses on the consolidated and combined statements of operations.

D. Spin-off Common Stock Issued

During the three months ended September 30, 2015, the Company became aware that 1.0 million shares of common stock were inadvertently issued and distributed to ADP at the spin-off with respect to certain unvested ADP equity awards. The Company previously reported that 160.6 million shares were issued in connection with the spin-off, which was overstated by 1.0 million shares. In addition, dividends paid to stockholders in fiscal 2015 were overstated by $0.4 million. The Company assessed the materiality and concluded that the impact was not material to previously reported results of operations, financial condition, or cash flows. During the three months ended September 30, 2015, the Company and ADP took corrective action to cancel the 1.0 million shares of common stock effective as of September 30, 2014 and the Company recovered the $0.4 million of cumulative dividends paid on such shares, thereby increasing the Company's retained earnings. The effects of these adjustments were reflected in the accompanying financial statements for fiscal 2016.

Note 2. Summary of Significant Accounting Policies

A. Consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiaries. In addition, the financial statements include the accounts of Computerized Vehicle Registration, Inc. ("CVR") in which CDK holds a controlling financial or management interest. Intercompany transactions and balances between consolidated CDK businesses have been eliminated.

The Company's share of earnings or losses of non-controlled affiliates, over which the Company exercises significant influence (generally a 20% to 50% ownership interest), are included in the consolidated and combined operating results using the equity method of accounting. Equity method investments were not significant for fiscal 2017, 2016, and 2015.

B. Business Combinations

The purchase price allocations for acquisitions are based on estimates of the fair value of tangible and intangible assets acquired and liabilities assumed. The Company engages independent valuation specialists, when necessary, to assist with purchase price allocations and uses recognized valuation techniques, including the income and market approaches, to determine fair value. Management makes estimates and assumptions in determining purchase price allocations and valuation analyses, which may involve significant unobservable inputs. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed is allocated to goodwill. In certain circumstances, the determination of the purchase price and allocation to assets acquired and liabilities assumed are based upon preliminary estimates and assumptions. Accordingly, the allocation may be subject to revision during the measurement period, which may be up to one year from the acquisition date, when the Company receives final information, including appraisals and other analyses. Measurement period adjustments are recorded to goodwill in the reporting period in which the adjustments to the provisional amounts are determined.

Assets acquired and liabilities assumed in business combinations are recorded on the Company’s consolidated balance sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company are included in the Company’s consolidated and combined statements of operations since their respective acquisition dates.

C. Restructuring

Restructuring expenses consist of employee-related costs, including severance and other termination benefits calculated based on long-standing benefit practices and local statutory requirements, and contract termination costs. Restructuring liabilities are recognized at fair value in the period the liability is incurred. In some jurisdictions, the Company has ongoing benefit arrangements under which the Company records the estimated severance and other termination benefits when such costs are deemed probable and estimable, approved by the appropriate corporate management, and if actions required to complete the termination plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. In jurisdictions where there is not an ongoing benefit arrangement, the Company records estimated severance and other termination benefits when appropriate corporate management has committed to the plan and the benefit arrangement is communicated to the affected employees. A liability for costs to terminate a contract before the end of its term is recognized at fair value when the Company terminates the contract in accordance with its terms. Estimates are evaluated periodically to determine whether an adjustment is required.

D. Revenue Recognition

The Company recognizes software revenues in accordance with Accounting Standards Codification (“ASC”) 985-605, “Software - Revenue Recognition,” and non-software related revenue, including Software-as-a-Service (“SaaS”), in accordance with ASC 605, "Revenue Recognition" ("ASC 605").

The Company generates revenues from four categories: subscription, digital advertising, transactional services, and other. Taxes collected from customers and remitted to governmental authorities are presented on a net basis; that is, such taxes are excluded from revenues.

Subscription. In the RSNA and CDKI segments, CDK provides software and technology solutions for automotive retailers and original equipment manufacturers ("OEMs"), which includes:

- Dealer Management Systems (“DMSs”) and layered applications, where the software may be installed onsite at the customer’s location, or hosted and provided on a SaaS basis, including ongoing maintenance and support;
- Interrelated services such as installation, initial training, and data updates;
- Websites, search marketing, and reputation management services (RSNA only); and
- Hardware on a service basis, meaning no specific assets are identified or a substantive right of substitution exists.

Revenues for term licenses are recognized ratably over the software license term, as vendor-specific objective evidence of the fair values of the individual elements in the sales arrangement does not exist. Revenue recognition commences at the installation dates, when customer acceptance has occurred, and collectability of a determinable amount is probable. In the case of hosted applications, the customer does not have the contractual right to take possession of the software and the items delivered at the outset of the contract (e.g., installation, training, etc.) do not have value to the customer without the software license and ongoing support and maintenance. Any upfront fees charged in the case of hosted arrangements are recognized ratably over the expected benefit period of the arrangement, typically five years. The unrecognized portion of these revenue elements is recorded as deferred revenue.

Advertising services. In the ANA segment, the Company receives revenues from the placement of internet advertising for automotive retailers and OEMs. Advertising revenues are recognized when the services are rendered.

Transaction revenues. In the RSNA segment, the Company receives fees per transaction for providing auto retailers interfaces with third parties to process credit reports, vehicle registrations, and automotive equity mining. Revenue is recognized at the time the services are rendered. Transaction revenues are recorded in revenues gross of costs incurred for credit report processing, vehicle registrations, and automotive equity mining as the Company is contractually responsible for providing the service, software, and/or connectivity to the customers, and therefore, the Company is the primary obligor under ASC 605.

Other. The Company provides consulting and professional services and sells hardware such as laser printers, networking and telephony equipment, and related items. These revenues are recognized upon their delivery or service completion.

E. Income Taxes

Income tax expense is recognized for the amount of taxes payable or refundable for the current year. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Management must make assumptions, judgments, and estimates to determine the provision for income taxes, taxes payable or refundable, and deferred tax assets and liabilities. The Company's assumptions, judgments, and estimates take into consideration the realization of deferred tax assets and changes in tax laws or interpretations thereof. The Company's income tax returns are subject to examination by various tax authorities. A change in the assessment of the outcomes of such matters could materially impact the Company's consolidated and combined financial statements.

The Company records a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. In determining the need for a valuation allowance, the Company considers future market growth, forecasted earnings, future taxable income, and prudent and feasible tax planning strategies. In the event the Company determines that it is more likely than not that an entity will be unable to realize all or a portion of its deferred tax assets in the future, the Company would increase the valuation allowance and recognize a corresponding charge to earnings in the period in which such a determination is made. Likewise, if the Company later determines that it is more likely than not that the deferred tax assets will

be realized, the Company would reverse the applicable portion of the previously recognized valuation allowance. In order to realize deferred tax assets, the Company must be able to generate sufficient taxable income of the appropriate character in the jurisdictions in which the deferred tax assets are located.

The Company recognizes tax benefits for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's income tax returns that do not meet these recognition and measurement standards. Assumptions, judgments, and the use of estimates are required in determining whether the "more likely than not" standard has been met when developing the provision for income taxes.

If certain pending tax matters settle within the next twelve months, the total amount of unrecognized tax benefits may increase or decrease for all open tax years and jurisdictions. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, the current taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known.

Prior to the spin-off, the Company computed the provision for income taxes under the Separate Return Method, which applies the accounting guidance for income taxes to the stand-alone financial statements "as if" the Company were a separate taxpayer and a stand-alone enterprise for the periods presented. For tax periods prior to the spin-off, the Company's operations were included in the income tax returns of ADP for United States ("U.S.") federal income tax purposes and for certain consolidated, combined, unitary, or similar group filings for U.S. state and local and foreign tax jurisdictions. Subsequent to the spin-off, the Company files its own U.S. federal, state, and foreign income tax returns.

F. Stock-Based Compensation

Certain of the Company's employees (a) have been granted stock options to purchase shares of the Company's common stock and (b) have been granted restricted stock or restricted stock units under which shares of the Company's common stock vest based on the passage of time or achievement of performance and market conditions. The Company recognizes stock-based compensation expense in net earnings based on the fair value of the award on the date of the grant. The Company determines the fair value of stock options issued using a binomial option-pricing model. The binomial option-pricing model considers a range of assumptions related to volatility, dividend yield, risk-free interest rate, and employee exercise behavior. Expected volatilities utilized in the binomial option pricing model are based on a combination of implied market volatilities and historical volatilities of peer companies. Similarly, the dividend yield is based on historical experience and expected future dividend payments. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial option pricing model also incorporates exercises based on an analysis of historical data. The expected life of a stock option grant is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

The grant date fair value of restricted stock and restricted stock units that vest upon achievement of service conditions is based on the closing price of the Company's common stock on the date of grant. The Company also grants performance-based awards that vest over a performance period. Certain performance-based awards are further subject to adjustment (increase or decrease) based on a market condition defined as total shareholder return of the Company's common stock compared to a peer group of companies. The fair value of performance-based awards subject to a market condition is determined using a Monte Carlo simulation model. The principal variable assumptions utilized in determining the grant date fair value of performance-based awards subject to a market condition include the risk-free rate, stock volatility, dividend yield, and correlations between the Company's stock price and the stock prices of the peer group of companies.

Upon adoption of Accounting Standards Update ("ASU") 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" in fiscal 2017, the Company no longer estimates its forfeiture rate in order to record stock compensation expense. The Company now records the impact of forfeitures on stock compensation expense in the period the forfeitures occur.

G. Cash and Cash Equivalents

Investment securities with an original maturity of three months or less at the time of purchase are considered cash equivalents. Prior to the spin-off, the Company participated in a centralized approach to cash management and financing of operations governed by ADP. The Company's cash was available for use and was regularly "swept" by ADP. Transfers of cash both to and from ADP are reflected as a financing activity in the consolidated and combined statements of cash flows for fiscal 2015.

H. Accounts Receivable, Net

Accounts receivable, net is comprised of trade receivables and lease receivables, net of allowances. Trade receivables consist of amounts due to the Company in the normal course of business, which are not collateralized and do not bear interest. Lease receivables primarily relate to sales-type leases arising from the sale of hardware elements in bundled DMS or other integrated solutions. Lease receivables represent the current portion of the present value of the minimum lease payments at the beginning of the lease term. The long-term portion of the present value of the minimum lease payments is included within other assets on the consolidated balance sheets. The Company considers lease receivables to be a single portfolio segment.

The accounts receivable allowances for both trade receivables and lease receivables are estimated based on historical collection experience, an analysis of the age of outstanding accounts receivable, and credit issuance experience. Receivables are considered past due if payment is not received by the date agreed upon with the customer. Write-offs are made when management believes it is probable a receivable will not be recovered.

I. Deferred Costs

Costs to deliver services are expensed to cost of revenues as incurred with the exception of specific costs directly related to transition or installation activities, including payroll-related costs for the Company's implementation and training teams, as well as commission costs for the sale. These costs are deferred and expensed proportionately over the same period that deferred revenues are recognized as revenues. Deferred amounts are monitored regularly to ensure appropriate asset and expense recognition. Current deferred costs classified within other current assets on the consolidated balance sheets were $94.4 million and $104.0 million as of June 30, 2017 and 2016, respectively. Long-term deferred costs classified within other assets on the consolidated balance sheets were $115.0 million and $135.5 million as of June 30, 2017 and 2016, respectively.

J. Funds Receivable and Funds Held for Clients and Client Fund Obligations

Funds receivable and funds held for clients represent amounts received or expected to be received from clients in advance of performing titling and registration services on behalf of those clients. These amounts are classified within other current assets on the consolidated balance sheets. The total amount due to remit for titling and registration obligations with the department of motor vehicles is recorded to client fund obligations which is classified as accrued expenses and other current liabilities on the consolidated balance sheets. Funds receivable was $25.7 million and funds held for clients was $7.9 million as of June 30, 2017. Client fund obligation was $33.6 million as of June 30, 2017.

In fiscal 2015, the Company entered into a two-year service agreement with ADP to provide cash collection and disbursement services for the business which expired in September 2016. As such, the amounts were not significant as of June 30, 2016.

K. Time Deposits

From time to time, the Company enters into various time deposit agreements whereby certain funds on deposit with financial institutions may not be withdrawn for a specified period of time. Time deposits with original maturity periods greater than three months are included within other current assets on the consolidated balance sheets. There were no time deposits as of June 30, 2017 and 2016.

L. Property, Plant and Equipment, Net

Property, plant and equipment, net is stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful

lives of the improvements. The estimated useful lives of assets are primarily as follows:

Buildings	20 to 40 years
Furniture and fixtures	4 to 7 years
Data processing equipment	2 to 5 years

M. Goodwill

The Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Company tests goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. In July 2016, the Company revised its reportable segments and reporting units due to changes in how the chief operating decision maker regularly reviews information for purposes of allocating resources and assessing performance. Due to the change in organization structure, the Company expanded its reporting units from three to five.

The Company tests impairment by first comparing the fair value of each reporting unit to its carrying amount. If the carrying value for a reporting unit exceeds its fair value, the Company then compares the implied fair value of the Company's goodwill to the carrying amount in order to determine the amount of the impairment, if any.

The Company estimates the fair value of the Company's reporting units by weighting the results from the income approach, which is the present value of expected cash flows discounted at a risk-adjusted weighted-average cost of capital, and the market approach, which uses market multiples of companies in similar lines of business. These valuation approaches require significant judgment and consider a number of factors including assumptions about the future growth and profitability of the Company's reporting units, the determination of appropriate comparable publicly traded companies in the Company's industry, discount rates, and terminal growth rates.

N. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value.

O. Internal Use Software

The Company’s policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company’s policy also provides for the capitalization of certain payroll and payroll-related costs for employees who are directly associated with the internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation stage activities are expensed as incurred. The Company also expenses internal costs related to minor upgrades and enhancements, as it is impracticable to separate these costs from normal maintenance activities. The Company amortizes internal use software typically over a three to five year life.

P. Computer Software to be Sold, Leased, or Otherwise Marketed

The Company’s policy provides for the capitalization of certain costs of computer software to be sold, leased, or otherwise marketed. The Company’s policy provides for the capitalization of all software production costs upon reaching technological feasibility for a specific product. Technological feasibility is attained when software products have a completed working model whose consistency with the overall product design has been confirmed by testing. Costs incurred prior to the establishment of technological feasibility are expensed as incurred. The establishment of technological feasibility requires judgment by management and in many instances is only attained a short time prior to the general release of the software. Maintenance-related costs are expensed as incurred.

Pursuant to this policy, the Company incurred expenses to research, develop, and deploy new and enhanced solutions of $150.0 million, $161.0 million, and $170.1 million for fiscal 2017, 2016, and 2015, respectively. These expenses were classified within cost of revenues on the consolidated and combined statements of operations.

Q. Foreign Currency

For foreign subsidiaries where the local currency is the functional currency, net assets are translated into U.S. dollars based on exchange rates in effect for each period, and revenues and expenses are translated at average exchange rates in the periods. Gains or losses from balance sheet translation of such entities are included in accumulated other comprehensive income on the consolidated balance sheets. Currency transaction gains or losses relate to intercompany loans denominated in a currency other than that of the loan counterparty, which do not eliminate upon consolidation. Currency transaction gains or losses are included within other income, net on the consolidated and combined statements of operations.

R. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established based on three levels of inputs, of which the first two are considered observable and the last unobservable.

- Level 1: Inputs that are based upon quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs where there is little or no market activity for the asset or liability. These inputs reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

The Company determines the fair value of financial instruments in accordance with ASC 820, "Fair Value Measurements." This standard defines fair value and establishes a framework for measuring fair value in accordance with GAAP. Cash and cash equivalents, accounts receivable, other current assets, accounts payable, and other current liabilities are reflected in the consolidated balance sheets at cost, which approximates fair value due to the short-term nature of these instruments. The carrying value of the Company's term loan facilities (as described in Note 13), including accrued interest, approximates fair value based on the Company's current estimated incremental borrowing rate for similar types of arrangements. The approximate aggregate fair value of the Company's senior notes as of June 30, 2017 and 2016 was $1,407.9 million and $748.5 million, respectively, based on quoted market prices for the same or similar instruments compared to a carrying value of $1,350.0 million and $750.0 million as of June 30, 2017 and 2016. The term loan facilities and the senior notes are considered Level 2 fair value measurements in the fair value hierarchy.

S. Concentrations

The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company maintains deposits in a diversified group of financial institutions, has not experienced any losses to date, and monitors the credit ratings of the primary depository institutions where deposits reside.

For fiscal 2017, 2016 and 2015, revenues to one customer represented approximately 11%, 11% and 10%, respectively, of the Company's revenues. Accounts receivable from this customer represented approximately 14% and 17% of the Company's accounts receivable as of June 30, 2017 and 2016, respectively. Revenues and accounts receivable from this customer were primarily generated by the ANA segment.

Note 3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU 2016-09 includes provisions to simplify several aspects of accounting for share-based payment transactions, including income tax consequences, accounting for forfeitures, classification of awards as either equity or liability, and classification on the statement of cash flows. ASU 2016-09 includes a requirement that the tax effect related to the settlement of share-based awards be recorded within income tax expense or benefit in the income statement. The simplification of income tax accounting for share-based payment transactions also impacts the computation of weighted-average diluted shares outstanding under the treasury stock method. ASU 2016-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016, with early adoption permitted. The Company elected to adopt ASU 2016-09 during the three months ended September 30, 2016 and the impact of the adoption resulted in the following:

- The Company elected to account for forfeitures of stock-based compensation awards when they occur. This adoption did not have a material impact on the Company's consolidated results of operations, financial condition, or cash flows.

- The Company recorded a tax benefit of $13.1 million within provision for income taxes for the twelve months ended June 30, 2017 related to excess tax benefits on stock options, restricted stock, and restricted stock units. Prior to adoption, the tax effect of share-based awards would have been recognized in additional paid-in capital. This change will result in increased volatility in the Company's effective tax rate.

- In addition, ASU 2016-09 modifies the classification of certain share-based payment activities within the statements of cash flows. Under ASU 2016-09, excess tax benefits from share-based arrangements are classified within cash flow from operations, rather than as cash flow from financing activities. The Company applied this provision on a prospective basis and the prior period statement of cash flows were not adjusted.

In June 2014, the FASB issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)." ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for annual, and interim periods within those annual periods, beginning after December 15, 2015. The Company adopted ASU 2014-12 during the three months ended September 30, 2016. This adoption did not have a material impact on the Company's consolidated results of operations, financial condition, or cash flows.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other.” ASU 2017-04 simplifies the accounting for goodwill impairment by eliminating Step 2 of the current goodwill impairment test, which required a hypothetical purchase price allocation. Goodwill impairment will now be the amount by which the reporting unit’s carrying value exceeds its fair value, limited to the carrying value of the goodwill. ASU 2017-04 is effective for financial statements issued for fiscal years, and interim periods beginning after December 15, 2019. The adoption of ASU 2017-04 is not expected to have a material impact on the Company's consolidated results of operations, financial condition, or cash flows.

In November 2016, the FASB issued ASU 2016-18, “Restricted Cash.” ASU 2016-18 clarifies cash flow presentation for restricted cash. ASU 2016-18 is effective for financial statements issued for fiscal years, and interim periods beginning after December 15, 2017. The adoption of ASU 2016-18 will not have a material impact on the Company's consolidated statements of cash flows.

In August 2016, the FASB issued ASU 2016-15, “Classification of Certain Cash Receipts and Cash Payments (Topic 230).” ASU 2016-15 addresses eight specific cash flow issues where there is diversity in practice in how these certain cash receipts and cash payments are presented and classified in the statements of cash flows. ASU 2016-15 is effective for financial statements issued for fiscal years, and interim periods beginning after December 15, 2017. The adoption of ASU 2016-15 will not have a material impact on the Company's consolidated statements of cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires that lessees recognize right-of-use assets and lease liabilities for any lease classified as either a finance or operating lease that is not considered short-term. The accounting applied by lessors is largely consistent with the existing lease standard. ASU 2016-02 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2018. The Company has obligations under lease agreements for facilities and equipment, which are classified as operating leases under the existing lease standard. While the Company is still evaluating the impact that ASU 2016-02 will have on the consolidated results of operations, financial condition, or cash flows, the Company's financial statements will reflect an increase in both assets and liabilities due to the requirement to recognize right-of-use assets and lease liabilities on the consolidated balance sheets for its facility and equipment leases.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. The guidance permits two methods of adoption: 1) retrospectively to each prior reporting period presented (full retrospective), or 2) retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective). In July 2015, the FASB deferred the effective date of ASU 2014-09 by one year and subsequently issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date." As a result, the standard and subsequent amendments thereto, will be effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017.

In fiscal 2017, the Company established a cross-functional implementation team to evaluate the impact of the new standard on its revenue contracts including reviewing current accounting policies, evaluating new disclosure requirements, identifying appropriate changes to business processes, information technology systems, and internal controls to support revenue recognition, and disclosure under the new guidance. The Company has made significant progress in its qualitative assessment of the impact of the new revenue recognition standard; however, efforts to quantify the impact upon adoption remain ongoing.

The Company has concluded that it will adopt this standard on a modified retrospective basis, which will result in a cumulative effect adjustment to retained earnings when the standard is adopted on July 1, 2018. While the Company continues to evaluate the impact of ASU 2014-09, and related ASUs, on its consolidated results of operations, financial condition, or cash flows, the following determinations have been made:

- Under the current accounting guidance for software, ASC 985-605, revenues for onsite licenses are recognized ratably over the software license term, as CDK lacks vendor-specific objective evidence of the fair values of the individual elements of the sales arrangement; however, upon adoption of ASC 606 revenues may be recognized upon installation of onsite software based on estimated standalone selling price at the time of the sale. This will result in a cumulative adjustment (an increase) to beginning retained earnings, for which management is completing our evaluation and quantifying the impact.

- Aside from revenues for onsite software licenses discussed above, the Company currently accounts for the majority of its revenues, including SaaS and other service arrangements under ASC 605. Under both the existing revenue standard, ASC 605, and the new standard pending adoption, ASC 606, the revenue for ongoing services will be recognized ratably over the term of arrangement; however, management is currently evaluating the impact of other aspects of the standard, including variable consideration.

- In ASC 340, the FASB provides guidance for contract costs that require capitalization and subsequent amortization - costs to obtain a customer contract, and costs to fulfill the contract, which for CDK consists primarily of direct sales commissions and implementation costs of service arrangements. The adoption of the new standard may result in an increase in the costs deferred and amortized over the economic life of the contract.

Note 4. Acquisitions and Divestiture

Acquisitions

Auto/Mate Dealership Systems

In May 2017, the Company entered into a definitive agreement to acquire Auto/Mate Dealership Systems, a privately held company that provides a suite of DMS products and solutions. The transaction is subject to regulatory approval. During

fiscal 2017, the Company incurred $0.7 million of costs related to the pending acquisition which are included in selling, general and administrative expenses.

RedBumper, LLC and NewCarIQ, LLC

On February 1, 2016, the Company acquired certain assets of RedBumper, LLC and NewCarIQ, LLC, providers of technology solutions for new and used car pricing. The Company had a pre-existing relationship with these entities under which CDK was a reseller of their products. The acquisitions were made pursuant to asset purchase agreements, which contain customary representations, warranties, covenants, and indemnities by the sellers and the Company. The acquisition date fair value of total consideration to be transferred was $32.4 million, which consists primarily of an initial cash price of $17.7 million and a liability for contingent consideration of $14.3 million. Contingent consideration payments occurring within three months following the acquisition date were classified within investing activities on the statement of cash flows; subsequent payments were included within financing activities. Accordingly, $0.4 million of contingent consideration payments made during the three months following the acquisition date were included in investing activities as cash paid for the acquisitions. The minimum contingent consideration payable under the asset purchase agreements is $14.7 million and is payable in installments over a four-year period; there is no maximum payment amount. The Company funded the initial payment with cash on hand.

The fair value of acquired software intangible assets and other assets was $15.0 million and $0.6 million, respectively. The excess of the acquisition consideration over the fair value of the acquired assets of $16.8 million was allocated to goodwill. The acquired assets and goodwill are included in the RSNA segment. The software intangible assets will be amortized over a weighted-average useful life of 8 years. The goodwill recognized from these acquisitions reflects expected synergies resulting from direct ownership of the products and processes, allowing greater flexibility for future product development and bundling, as opposed to licensing these products for sale. The acquired goodwill is deductible for tax purposes.

AVRS, Inc.

On April 2, 2015, the Company, through its majority owned subsidiary, CVR, acquired AVRS, Inc. ("AVRS"), a provider of electronic vehicle registration software in California. The acquisition was made pursuant to an agreement of merger, which contains customary representations, warranties, covenants, and indemnities by the sellers and CVR. CVR acquired all of the outstanding stock of AVRS for an initial cash purchase price of $36.6 million, net of cash acquired of $4.4 million.

During fiscal 2016, the Company recognized a measurement period adjustment related to the acquisition of AVRS that resulted in a $3.0 million reduction of goodwill.

Divestiture

The Company evaluates its businesses periodically in order to improve efficiencies in its operations and focus on the more profitable lines of business. On May 21, 2015, the Company sold its internet sales leads business, which was comprised of Dealix Corporation and Autotegrity, Inc., and operated in the RSNA segment. The Company did not have significant continuing involvement following the sale. The sale of the internet sales leads business unit did not constitute a strategic shift that will have a major effect on the Company's financial results and business activities. Accordingly, this disposal did not qualify for discontinued operations presentation. As a result of the sale, the Company recognized a loss of $0.8 million in selling, general and administrative expenses on the consolidated and combined statement of operations in fiscal 2015.

The following table summarizes revenues and earnings before taxes for the internet sales leads business unit:

	June 30, 2015
Revenues	$ 46.2
Earnings before income taxes [1]	2.5

(1) Earnings before income taxes for the fiscal year ended June 30, 2015 includes the loss of $0.8 million.

Note 5. Restructuring

During the fiscal year ended June 30, 2015, the Company initiated a three-year business transformation plan intended to

increase operating efficiency and improve the Company's cost structure within its global operations. The business transformation plan is expected to produce significant benefits in the Company's long-term business performance. As the Company executes the business transformation plan, the Company continually monitors, evaluates and refines its structure, including its design, goals, term and estimate of total restructuring expenses. As part of this process, during fiscal 2017, the Company extended the business transformation plan by one year through the fiscal year ending June 30, 2019 ("fiscal 2019"), and updated its estimate of total restructuring expenses under the business transformation plan to approximately $70.0 million through fiscal 2019.

Restructuring expenses associated with the business transformation plan included employee-related costs, which represent severance and other termination-related benefits calculated based on long-standing benefit practices and local statutory requirements, and contract termination costs, which include costs to terminate facility leases. The Company recognized $18.4 million, $20.2 million, and $2.4 million of restructuring expenses for fiscal 2017, 2016 and 2015, respectively. Since the inception of the business transformation plan in fiscal 2015, the Company has recognized cumulative restructuring expenses of $41.0 million. Restructuring expenses are presented separately on the consolidated and combined statements of operations. Restructuring expenses are recorded in the Other segment, as these initiatives are predominantly centrally directed and are not included in internal measures of segment operating performance.

Accruals for restructuring expenses were included within accrued expenses and other current liabilities on the consolidated balance sheets as of June 30, 2017 and 2016. The following table summarizes the fiscal 2017 and 2016 activity for the restructuring accrual:

	Employee-Related Costs	Contract Termination Costs	Total
Balance as of June 30, 2015	$ 2.4	$ —	$ 2.4
Charges	17.7	2.9	20.6
Cash payments	(10.6)	(2.0)	(12.6)
Adjustments	(0.4)	—	(0.4)
Foreign exchange	(0.1)	—	(0.1)
Balance as of June 30, 2016	9.0	0.9	9.9
Charges	14.5	4.8	19.3
Cash payments	(16.5)	(3.0)	(19.5)
Adjustments	(0.6)	(0.3)	(0.9)
Balance as of June 30, 2017	$ 6.4	$ 2.4	$ 8.8

Note 6. Stock-Based Compensation

Incentive Equity Awards Converted from ADP Awards

On October 1, 2014, ADP's outstanding equity awards for employees of the Company were converted into equity awards of CDK at a ratio of 2.757 CDK equity awards for every ADP equity award held immediately prior to the spin-off. The converted equity awards have the same terms and conditions as the ADP equity awards. As a result, the Company issued 2.3 million stock options with a weighted-average exercise price of $19.64, 0.7 million time-based restricted shares, and 0.2 million performance-based restricted shares upon completion of the conversion of existing ADP equity awards into the Company's equity awards. As the conversion was considered a modification of an award in accordance with ASC 718, "Compensation - Stock Compensation," the Company compared the fair value of the award immediately prior to the spin-off to the fair value immediately after the spin-off to measure the incremental compensation cost. The fair values immediately prior to and after the spin-off were estimated using a binomial option-pricing model. The conversion resulted in an increase in the fair value of the awards by $1.4 million, which was recognized in full as of June 30, 2016.

Incentive Equity Awards Granted by the Company

The 2014 Omnibus Award Plan ("2014 Plan") provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards, and performance compensation awards to employees, directors, officers, consultants, advisors, and those of the Company's affiliates. The 2014 Plan provides for an aggregate of 12.0 million shares of the Company's common stock to be reserved for issuance and is effective for a period of ten years. As of June 30, 2017, there were 6.6 million shares available for issuance under the 2014 Plan after considering awards granted by the Company and converted as a result of the spin-off from ADP. In fiscal 2016, the Company began reissuing treasury stock to satisfy issuances of common stock upon option exercise or vesting.

Prior to the spin-off, all employee equity awards (stock options and restricted stock) were granted by ADP. All subsequent awards, including all incentive equity awards converted from ADP awards, were granted under the 2014 Plan. The Company recognizes stock-based compensation expense associated with employee equity awards in net earnings based on the fair value of the awards on the date of grant. Effective July 1, 2016, the Company adopted ASU 2016-09. Upon adoption, the Company made an accounting policy election to account for forfeitures as they occur rather than apply an estimated forfeiture rate. See Note 2 for additional details regarding the adoption of ASU 2016-09. Stock-based compensation primarily consisted of the following:

Stock Options: Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the date of grant. Stock options are issued under a graded vesting schedule with a term of ten years. Compensation expense is measured based on the fair value of the stock option on the grant date and recognized over the requisite service period for each separately vesting portion of the stock option award. Upon termination of employment, unvested stock options are evaluated for forfeiture or modification, subject to the terms of the awards and Company policies.

Time-Based Restricted Stock and Time-Based Restricted Stock Units. Time-based restricted stock and restricted stock units generally vest over a two- to five-year period. Upon termination of employment, unvested awards are evaluated for forfeiture or modification, subject to the terms of the awards and Company policies.

Time-based restricted stock cannot be transferred during the vesting period. Compensation expense related to the issuance of time-based restricted stock is measured based on the fair value of the award on the grant date and recognized on a straight-line basis over the vesting period. Employees are eligible to receive dividends on the shares awarded under the time-based restricted stock program during the restricted period.

Time-based restricted stock units are primarily settled in cash, but may also be settled in stock. Compensation expense related to the issuance of time-based restricted stock units is recorded over the vesting period, and is initially based on the fair value of the award on the grant date. Cash settled, time-based restricted stock units are subsequently remeasured at each reporting date during the vesting period to the current stock value. No dividend equivalents are paid on units awarded under the time-based restricted stock unit program during the restricted period.

Performance-Based Restricted Stock Units. Performance-based restricted stock units generally vest over a three-year performance period. In fiscal 2017, an additional one-time grant of performance-based restricted stock was made which will vest at the end of the fiscal year ending June 30, 2020 ("fiscal 2020"). Under these programs, the Company communicates "target awards" at the beginning of the performance period with possible payouts at the end of the performance period ranging from 0% to 250% of the "target awards." Certain performance-based awards are further subject to adjustment (increase or decrease) based on a market condition defined as total shareholder return of the Company's common stock compared to a peer group of companies. The probability associated with the achievement of performance conditions affects the vesting of the Company's performance-based awards. Expense is only recognized for those shares expected to vest. Upon termination of employment, unvested awards are evaluated for forfeiture or modification, subject to the terms of the awards and Company policies.

Performance-based restricted stock units are settled in either cash or stock, depending on the employee’s home country, and cannot be transferred during the vesting period. Compensation expense related to the issuance of performance-based restricted stock units settled in cash is recorded over the vesting period, is initially based on the fair value of the award on the grant date, and is subsequently remeasured at each reporting date to the current stock value during the performance period, based upon the probability that the performance target will be met. Compensation expense related to the issuance of performance-based restricted stock units settled in stock is recorded over the vesting period based on the fair value of the award on the grant date. Prior to settlement, dividend equivalents are earned on "target awards" under the performance-based restricted stock unit program.

The following table represents stock-based compensation expense and the related income tax benefits for fiscal 2017, 2016, and 2015, respectively:

	June 30,		
	2017	2016	2015
Cost of revenues	$ 6.3	$ 6.2	$ 7.8
Selling, general and administrative expenses	49.1	30.2	22.6
Total pre-tax stock-based compensation expense	$ 55.4	$ 36.4	$ 30.4
Income tax benefit	$ 19.4	$ 12.9	$ 10.1

Stock-based compensation expense for fiscal 2017 consisted of $46.8 million of expense related to equity-classified awards and $8.6 million of expense related to liability-classified awards. Stock-based compensation expense for fiscal 2017 includes $11.9 million of expense due to a cumulative adjustment in the fourth quarter based on management's assessment that it is probable CDK's performance metrics for fiscal year ending June 30, 2018 ("fiscal 2018") associated with performance-based restricted stock units will exceed the target. Additionally, there was $3.1 million of incremental stock-based compensation expense for awards that were modified or expense recognition was accelerated related to an officer's departure in fiscal 2017. Stock-based compensation expense for fiscal 2016 consisted of $31.4 million of expense related to equity-classified awards and $5.0 million of expense related to liability-classified awards. Stock-based compensation expense for fiscal 2016 includes $3.5 million of incremental stock-based compensation expense for awards that were modified or expense recognition was accelerated related to the Transition and Release Agreement entered into with Mr. Anenen on February 2, 2016. Stock-based compensation expense for fiscal 2015 consisted of $17.5 million of expense related to equity-classified awards, $7.5 million of expense related to liability-classified awards, and $5.4 million of expense allocated from ADP during fiscal 2015 prior to the spin-off.

As of June 30, 2017, the total unrecognized compensation cost related to non-vested stock options, restricted stock units, and restricted stock awards was $3.3 million, $38.8 million, and $11.7 million, respectively, which will be amortized over the weighted-average remaining requisite service periods of 2.2 years, 1.9 years, and 1.4 years, respectively.

The activity related to the Company's incentive equity awards for fiscal 2017 consisted of the following:

Stock Options

	Number of Options (in thousands)	Weighted-Average Exercise Price (in dollars)	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding as of June 30, 2016	1,594	$ 27.64		
Options granted	419	58.94		
Options exercised	(654)	22.52		
Options canceled	(49)	55.11		
Options outstanding as of June 30, 2017	1,310	$ 39.70	7.1	$ 29.3
Exercisable as of June 30, 2017	643	$ 28.09	5.8	$ 21.6

The Company received proceeds from the exercise of stock options of $14.7 million, $6.7 million, and $9.8 million during fiscal 2017, 2016, and 2015 respectively. The aggregate intrinsic value of stock options exercised during fiscal 2017, 2016, and 2015 was approximately $26.0 million, $12.4 million, and $17.5 million, respectively.

Time-Based Restricted Stock and Time-Based Restricted Stock Units

	Restricted Stock		Restricted Stock Units	
	Number of Shares (in thousands)	Weighted-Average Grant Date Fair Value (in dollars)	Number of Units (in thousands)	Weighted-Average Grant Date Fair Value (in dollars)
Non-vested restricted shares/units as of June 30, 2016	616	$ 40.93	271	$ 53.09
Restricted shares/units granted	310	58.48	97	58.26
Restricted shares/units vested	(370)	33.17	(143)	36.88
Restricted shares/units forfeited	(59)	51.04	(11)	48.34
Non-vested restricted shares/units as of June 30, 2017	497	$ 53.98	214	$ 66.17

Performance-Based Restricted Stock Units

	Restricted Stock Units	
	Number of Units (in thousands)	Weighted-Average Grant Date Fair Value (in dollars)
Non-vested restricted units as of June 30, 2016	476	$ 55.63
Restricted units granted	453	62.89
Dividend equivalents	8	55.40
Restricted units vested	(166)	46.10
Restricted units forfeited	(29)	57.66
Non-vested restricted units as of June 30, 2017	742	$ 65.41

In fiscal 2017, two grants of performance-based stock units were made which will vest at the end of fiscal 2019 and 2020.The Monte Carlo simulation model used to determine the grant date fair value of each grant based on an average historical stock price volatility for the Company and the peer companies of 32.2% and 31.9% and a risk-free interest rate of 0.9% and 1.0% for the grants vesting at the end of fiscal 2019 and 2020, respectively. Because these awards earn dividend equivalents, the model did not assume an expected dividend yield.

The following table presents the assumptions used to determine the fair value of the stock options granted by the Company following the spin-off, and converted from ADP awards to CDK awards at the time of the spin-off:

			Fiscal 2015	
	Fiscal 2017	Fiscal 2016	Post Spin-Off	Spin-Off Conversion
Risk-free interest rate	1.4%	1.8%	1.6%	1.1%
Dividend yield	0.9%	0.9%	1.1%	1.1%
Weighted-average volatility factor	24.5%	24.7%	25.6%	23.9%
Weighted-average expected life (in years)	6.3	6.3	6.3	3.4
Weighted-average fair value (in dollars)	$ 13.90	$ 12.55	$ 10.24	$ 12.50

Note 7. Employee Benefit Plans

Defined Contribution Savings Plan. The Company's Board of Directors approved a CDK-sponsored defined contribution plan covering eligible full-time domestic employees of the Company after the spin-off date. This plan provides company matching contributions on a portion of employee contributions. In addition, this plan includes a transitional contribution for certain employees who were previously eligible to participate under ADP's domestic defined benefit plan since the Company did not adopt a similar plan. The costs recorded by the Company for this plan were $18.7 million, $18.9 million and $12.4 million for fiscal 2017, 2016 and 2015, respectively.

Prior to the spin-off, most domestic employees were covered under ADP's defined contribution plan. This 401(k) plan provided company matching under various formulas. Costs allocated to the Company for domestic associates for fiscal 2015 prior to the spin-off were $4.0 million, respectively.

International Benefit Plans. The Company's foreign subsidiaries have benefit plans that cover certain international employees. To the extent required by local statutory laws, the Company funds these benefit plans through periodic contributions under statutorily prescribed formulas. The Company's expense for these plans was approximately $14.8 million, $14.1 million, and $12.9 million for fiscal 2017, 2016, and 2015, respectively.

Note 8. Income Taxes

Tax Matters Agreement

The Company and ADP entered into a tax matters agreement as part of the spin-off that governs the rights and obligations of both parties after the spin-off with respect to taxes for both pre and post spin-off periods. Under this agreement, ADP is generally required to indemnify the Company for any income taxes attributable to ADP's operations or the Company's operations and for any non-income taxes attributable to ADP's operations, in each case for all pre spin-off periods as well as any taxes arising from transactions effected to consummate the spin-off, and the Company generally is required to indemnify ADP for any non-income taxes attributable to the Company's operations for all pre spin-off periods and for any income taxes attributable to the Company's operations for post spin-off periods.

The Company is generally required to indemnify ADP against any tax resulting from the spin-off (and against any claims made against ADP in respect of any tax imposed on its stockholders), in each case if that tax results from (i) an issuance of a significant amount of the Company's equity securities, a redemption of a significant amount of the Company's equity securities or the Company's involvement in other significant acquisitions of the Company's equity securities (excluding the spin-off), (ii) other actions or failures to act by the Company, or (iii) any of the Company's representations or undertakings referred to in the tax matters agreement being incorrect or violated. ADP will generally be required to indemnify the Company for any tax resulting from the spin-off if that tax results from (a) ADP's issuance of its equity securities, redemption of its equity securities, or involvement in other acquisitions of its equity securities, (b) other actions or failures to act by ADP, or (c) any of ADP's representations or undertakings referred to in the tax matters agreement being incorrect or violated.

The Company recognized receivables from ADP of $1.0 million and $1.1 million as of June 30, 2017 and 2016, respectively, and payables to ADP of $1.2 million and $1.6 million as of June 30, 2017 and 2016, respectively, under the tax matters agreement. In accordance with the tax matters agreement, the Company recognized a net gain of $2.6 million in fiscal 2016 in other income, net in the consolidated statement of operations associated with an indemnification receivable from ADP for pre spin-off tax periods and a net loss of $1.1 million in fiscal 2015 in other income, net in the consolidated and combined statement of operations associated with an indemnification payable to ADP for pre spin-off tax refunds.

Provision for Income Taxes

Prior to the spin-off, the provision for income taxes and the income tax balances were calculated as if the Company filed income tax returns separate from ADP. Subsequent to the spin-off, the provision for income tax and income tax balances represent the Company's income tax liabilities as an independent company.

Earnings before income taxes presented below is based on the geographic location to which such earnings were attributable.

	June 30,		
	2017	2016	2015
Earnings before income taxes:			
U.S.	$ 324.9	$ 293.1	$ 224.7
Foreign	110.4	76.0	75.2
	$ 435.3	$ 369.1	$ 299.9

The provision (benefit) for income taxes consisted of the following components:

	June 30,		
	2017	2016	2015
Current:			
Federal	$ 69.6	$ 84.9	$ 104.6
Foreign	27.5	24.5	18.3
State	14.8	16.5	16.0
Total current	111.9	125.9	138.9
Deferred:			
Federal	17.0	(3.3)	(19.2)
Foreign	2.0	1.3	(2.3)
State	1.9	(1.6)	(3.8)
Total deferred	20.9	(3.6)	(25.3)
Total provision for income taxes	$ 132.8	$ 122.3	$ 113.6

A reconciliation between the Company's effective tax rate and the U.S. federal statutory rate is as follows:

	June 30,					
	2017	%	2016	%	2015	%
Provision for taxes at U.S. statutory rate	$ 152.4	35.0 %	$ 129.2	35.0 %	$ 105.0	35.0 %
Increase (decrease) in provision from:						
State taxes, net of federal benefit	10.8	2.5 %	9.7	2.6 %	8.8	2.9 %
Stock compensation - excess tax benefits	(12.0)	(2.8)%	—	— %	—	— %
Noncontrolling interest	(2.0)	(0.5)%	(2.5)	(0.7)%	(2.8)	(0.9)%
Foreign tax rate differential	(12.4)	(2.8)%	(7.8)	(2.1)%	(4.3)	(1.4)%
U.S. tax on foreign earnings	1.1	0.3 %	0.8	0.2 %	—	— %
Foreign tax credits	(1.9)	(0.4)%	(1.5)	(0.4)%	(1.7)	(0.6)%
Resolution of tax matters	—	— %	—	— %	(3.4)	(1.1)%
Non-deductible separation costs	—	— %	—	— %	7.8	2.6 %
Tax law changes	—	— %	—	— %	4.6	1.5 %
Capital losses	—	— %	—	— %	(29.2)	(9.7)%
Valuation allowances	0.8	0.2 %	1.1	0.3 %	27.1	9.0 %
Domestic production activities deduction	(4.2)	(1.0)%	(6.4)	(1.7)%	—	— %
Pre spin-off tax return adjustments	—	— %	(0.4)	(0.1)%	0.5	0.2 %
Other	0.2	— %	0.1	— %	1.2	0.4 %
Provision for income taxes	$ 132.8	30.5 %	$ 122.3	33.1 %	$ 113.6	37.9 %

During fiscal 2017, the effective tax rate was favorably impacted by excess tax benefits associated with adopting ASU 2016-09 effective July 1, 2016 as described in Note 2.

During fiscal 2015, the Company incurred non-deductible separation costs which unfavorably impacted the effective tax rate.

On December 19, 2014, the *Tax Increase Prevention Act of 2014* was signed into law. Among the changes included in the law was a provision allowing for additional first year depreciation for assets placed into service during calendar year 2015, commonly known as "bonus depreciation." The bonus depreciation provision related to pre spin-off tax periods for which ADP was entitled under the tax law and in accordance with the tax matters agreement to claim additional tax depreciation for assets associated with the Company's business. During fiscal 2015, the Company recorded tax expense of $4.6 million to adjust deferred taxes for the additional tax depreciation to be taken by ADP in pre spin-off tax periods.

The balance sheet classification and significant components of deferred income tax assets and liabilities are as follows:

	June 30,	
	2017	2016
Classification:		
Long term deferred tax assets (included in other assets)	$ 22.1	$ 23.9
Long term deferred tax liabilities (included in deferred income taxes)	(65.9)	(46.9)
Net deferred tax liabilities	$ (43.8)	$ (23.0)
Components:		
Deferred tax assets:		
Accrued expenses	$ 13.9	$ 15.4
Compensation and benefits	46.1	57.7
Deferred revenue	53.8	57.6
Net operating losses	10.5	13.5
Capital losses	28.8	28.7
	153.1	172.9
Less: valuation allowances	(35.1)	(34.3)
Net deferred tax assets	118.0	138.6
Deferred tax liabilities:		
Deferred expenses	64.9	76.6
Property, plant and equipment and intangible assets	92.1	76.5
Prepaid expenses	2.6	5.9
Other	2.2	2.6
Deferred tax liabilities	161.8	161.6
Net deferred tax liabilities	$ (43.8)	$ (23.0)

Undistributed foreign earnings that the Company intends to indefinitely reinvest, and for which no taxes have been provided, aggregated to approximately $57.4 million and $166.4 million as of June 30, 2017 and 2016, respectively. During fiscal 2017, the Company underwent an internal legal entity reorganization resulting in a deemed distribution of foreign earnings for U.S. tax purposes of $172.8 million. The tax provision impact of the deemed distribution, net of foreign tax credits, is immaterial. The remaining foreign earnings are considered indefinitely reinvested since the Company's intent is to use these earnings outside of the U.S. to fund local working capital needs and future foreign investments, including potential acquisitions, and the U.S. can meet its cash needs without repatriation of foreign cash.

During fiscal 2016, the Company concluded that $31.6 million of prior year earnings of certain foreign subsidiaries were no longer considered indefinitely reinvested and recognized income tax expense of $0.8 million for the associated foreign withholding and U.S. income taxes, net of foreign tax credits. The foreign earnings identified for repatriation during the third quarter of fiscal 2016 in order to manage worldwide cash in a tax-efficient manner were repatriated to the U.S. during the fourth quarter of fiscal 2016.

The Company had federal net operating losses of approximately $0.1 million as of June 30, 2017 which expire in 2022. The Company had federal capital losses of $75.4 million which expire in 2020 and state capital losses of $75.4 million which expire in 2020 through 2030. The Company had foreign net operating loss carryforwards of approximately $38.4 million as of June 30, 2017, of which $5.9 million expires in 2018 through 2023 and $32.5 million has an indefinite carryforward period.

Valuation Allowance

The Company recorded valuation allowances of $35.1 million and $34.3 million as of June 30, 2017 and 2016, respectively, because the Company has concluded it is more likely than not that it will be unable to utilize net operating and capital loss carryforwards of certain subsidiaries to offset future taxable earnings. As of each reporting date, the Company’s management considers new evidence, both positive and negative, which could impact management’s view with regard to future realization of deferred tax assets.

During fiscal 2017, the valuation allowance balance was decreased by $1.1 million for a Canadian valuation allowance adjustment based on positive evidence which indicated that the foreign loss carryforward would be utilized prior to expiration. The company concluded the deferred tax asset would be realizable based on a three-year cumulative profit position and forecasts of future year pre-tax income.

During fiscal 2016, the Company determined that sufficient positive evidence did not exist to realize certain foreign deferred tax assets. Based on a three-year cumulative loss position and forecasts of future year pre-tax income, the Company increased the valuation allowance by $1.1 million in relation to these deferred tax assets. The valuation allowance for 2017 and 2016 was also adjusted for current year deferred tax movements and foreign currency translation.

During fiscal 2015, based on achieving three years of cumulative pre-tax income and forecasts of future pre-tax income, management determined that sufficient positive evidence existed to conclude that it is more likely than not that certain non-U.S. tax losses were realizable, and therefore, recorded tax benefits to adjust the valuation allowance by $2.7 million. In addition, tax expense was recorded to increase the deferred tax valuation allowance in fiscal 2015 by $29.2 million for capital losses realized on the internet sales leads business disposition. The Company concluded a full valuation allowance against the capital losses was necessary due to the short carryforward period and limitations on the Company's ability to utilize the losses to offset income. The net impact of the adjustments related to the deferred tax valuation allowance and the capital losses realized on the internet sales leads business disposition are included in the fiscal 2015 effective tax rate reconciliation. The valuation allowance for fiscal 2015 was also impacted by foreign currency translation.

Income tax payments, net of refunds were $120.3 million, $109.4 million, and $120.8 million for fiscal 2017, 2016, and 2015, respectively. The income tax payments exclude payments made by ADP prior to the spin-off on behalf of the Company as these amounts are recorded within group equity in the historical combined financial statements. Income tax payments paid by ADP on behalf of the Company were $20.3 million for fiscal 2015.

Unrecognized Income Tax Benefits

As of June 30, 2017, 2016, and 2015, the Company had unrecognized income tax benefits of $6.4 million, $4.7 million, and $1.9 million, respectively, of which $4.8 million, $3.6 million, and $1.6 million, respectively, would impact the effective tax rate, if recognized. The remainder, if recognized, would principally affect deferred taxes.

A roll-forward of unrecognized tax benefits is as follows:

	June 30,		
	2017	2016	2015
Beginning of the year balance	$ 4.7	$ 1.9	$ 0.2
Additions for current year tax positions	1.0	1.9	0.6
Additions for tax positions of prior years	1.2	1.1	1.1
Reductions for tax positions of prior years	—	(0.1)	—
Settlement with tax authorities	(0.2)	—	—
Expiration of the statute of limitations	(0.2)	—	—
Impact of foreign exchange rate fluctuations	(0.1)	(0.1)	—
End of year balance	$ 6.4	$ 4.7	$ 1.9

During fiscal 2017, 2016, and 2015, the Company increased its net unrecognized income tax benefits by $1.7 million, $2.8 million, and $1.7 million, respectively, based on information that indicated the extent to which certain tax positions were more likely than not to be sustained. Penalties and interest expense associated with uncertain income tax positions have been recorded in the provision for income taxes on the consolidated and combined statements of operations. Penalties and interest incurred during fiscal 2017, 2016, and 2015 were not significant. As of June 30, 2017 and 2016, the Company had an insignificant amount of accrued penalty and interest associated with uncertain tax positions, which was included within other liabilities on the consolidated balance sheets.

The Company conducts business globally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The tax years currently under examination vary by jurisdiction. The Company is currently under examination by the U.S. Internal Revenue Service ("IRS") for the tax year ending June 30, 2015. The Company regularly considers the likelihood of assessments in each of the jurisdictions resulting from examinations. The Company has established a liability for

unrecognized income tax benefits which it believes to be adequate in relation to the potential assessments. Once established, the liability for unrecognized tax benefits is adjusted when there is more information available, when an event occurs necessitating a change, or the statute of limitations for the relevant taxing authority to examine the tax position has expired.

During fiscal 2017, the IRS began an employment tax audit covering calendar years 2014 through 2016. The Company has assessed the estimated liability of a potential assessment and recorded a liability as of June 30, 2017. The Company anticipates the audit and any related assessments to be finalized in fiscal 2018.

Income tax-related examinations currently in progress in which the Company has significant business operations are as follows:

Tax Jurisdictions	Fiscal Years Ended
U.S. (IRS)	6/30/2015
New Jersey	6/30/2008 thru 6/30/2011
Canada	6/30/2012 thru 6/30/2014
Kuwait	6/30/2013 thru 6/30/2015
Spain	6/30/2011
Italy	6/30/2015

Based on the possible outcomes of the Company's tax audits and expiration of the statute of limitations, it is reasonably possible that the liability for uncertain tax positions will change within the next twelve months. The associated net tax impact on the effective tax rate is estimated to be a $1.7 million tax benefit, with minimal cash payments.

Although the final resolution of the Company's tax disputes is uncertain, based on current information, the resolution of tax matters is not expected to have a material effect on the Company's consolidated financial condition, liquidity, or results of operations. However, an unfavorable resolution could have a material impact on the Company’s consolidated financial condition, liquidity, or results of operations in the periods in which the matters are ultimately resolved.

Note 9. Earnings per Share

The numerator for both basic and diluted earnings per share is net earnings attributable to CDK. The denominator for basic and diluted earnings per share is based upon the number of weighted-average shares of the Company's common stock outstanding during the reporting periods. Diluted earnings per share also reflects the dilutive effect of unexercised in-the-money stock options and unvested restricted stock. On September 30, 2014, ADP stockholders of record as of the close of business on September 24, 2014 received one share of the Company's common stock for every three shares of ADP common stock held as of the record date. For periods ended September 30, 2014 and prior, basic and diluted earnings per share were computed using the number of shares of the Company's stock outstanding on September 30, 2014, the date on which the Company's common stock was distributed to the stockholders of ADP.

Holders of certain stock-based compensation awards are eligible to receive dividends as described in Note 6. Net earnings allocated to participating securities were not significant for fiscal 2017, 2016 and 2015.

The following table summarizes the components of basic and diluted earnings per share.

	June 30,		
	2017	2016	2015
Net earnings attributable to CDK	$ 295.6	$ 239.3	$ 178.4
Weighted-average shares outstanding:			
Basic	146.7	157.0	160.6
Effect of employee stock options	0.7	0.5	0.5
Effect of employee restricted stock	0.8	0.5	0.5
Diluted	148.2	158.0	161.6
Basic earnings attributable to CDK per share	$ 2.01	$ 1.52	$ 1.11
Diluted earnings attributable to CDK per share	$ 1.99	$ 1.51	$ 1.10

There were no options to purchase common stock or unvested restricted stock excluded from the calculation of diluted earnings per share for periods prior to the spin-off. The weighted-average number of shares outstanding used in the calculation of diluted earnings per share does not include the effect of the following anti-dilutive securities.

	June 30,		
	2017	2016	2015
Stock-based awards	0.3	0.5	0.3

Note 10. Accounts Receivable, Net

Accounts receivable, net comprised of the following:

	June 30,	
	2017	2016
Trade receivables	$ 368.0	$ 359.6
Lease receivables	10.4	13.0
Accounts receivable, gross	378.4	372.6
Less: allowances	6.3	7.1
Account receivable, net	$ 372.1	$ 365.5

The investment in lease receivables consisted of the following:

	June 30,	
	2017	2016
Lease receivables, gross:		
Minimum lease payments	$ 23.4	$ 38.0
Unearned income	(1.6)	(3.2)
	21.8	34.8
Less: lease receivables, current (included in accounts receivable, net)	10.4	13.0
Lease receivables, long-term (included in other assets)	$ 11.4	$ 21.8

Scheduled minimum payments on lease receivables as of June 30, 2017 were as follows:

	Amount
Fiscal year ending 2018	$ 11.5
Fiscal year ending 2019	8.0
Fiscal year ending 2020	3.6
Fiscal year ending 2021	0.3
Fiscal year ending 2022	—
	$ 23.4

The Company recognized interest income on sales-type leases of $1.8 million, $2.4 million, and $3.4 million, in fiscal 2017, 2016, and 2015, respectively, within other income, net on the consolidated and combined statements of operations.

Note 11. Property, Plant and Equipment, Net

Depreciation expense for property, plant and equipment was $40.7 million, $35.1 million, and $28.3 million for fiscal 2017, 2016, and 2015, respectively. Property, plant, and equipment at cost and accumulated depreciation consisted of the following:

	June 30,	
	2017	2016
Property, plant and equipment:		
Land and buildings	$ 39.4	$ 38.7
Data processing equipment	215.5	188.6
Furniture and fixtures, leasehold improvements, and other	80.4	86.2
Total property, plant and equipment	335.3	313.5
Less: accumulated depreciation	200.3	194.9
Property, plant and equipment, net	$ 135.0	$ 118.6

Note 12. Goodwill and Intangible Assets, Net

In July 2016, the Company revised its reportable segments and reporting units due to how the chief operating decision maker regularly reviews information for purposes of allocating resources and assessing performance. Due to the change in organization structure, the Company expanded its reporting units from three to five. As a result, goodwill was reallocated to the new reporting units using a relative fair value approach. Goodwill has been restated to reflect the reallocation of goodwill based on the current reportable segments. Refer to Note 18 for further information.

Changes in goodwill were as follows:

	Retail Solutions North America	Advertising North America	CDK International	Total
Balance as of June 30, 2015	$ 592.1	$ 214.3	$ 403.5	$ 1,209.9
Additions (Note 4)	16.8	—	—	16.8
Measurement period adjustment (Note 4)	(3.0)	—	—	(3.0)
Currency translation adjustments	(1.2)	—	(39.8)	(41.0)
Balance as of June 30, 2016	604.7	214.3	363.7	1,182.7
Currency translation adjustments	(0.1)	—	(1.4)	(1.5)
Balance as of June 30, 2017	$ 604.6	$ 214.3	$ 362.3	$ 1,181.2

Components of intangible assets, net were as follows:

	June 30,					
	2017			2016		
	Original Cost	Accumulated Amortization	Intangible Assets, net	Original Cost	Accumulated Amortization	Intangible Assets, net
Customer lists	$ 175.5	$ (130.0)	$ 45.5	$ 175.5	$ (117.5)	$ 58.0
Software	163.7	(109.4)	54.3	141.0	(96.1)	44.9
Trademarks	25.0	(24.1)	0.9	25.0	(23.5)	1.5
Other intangibles	6.4	(3.1)	3.3	6.1	(2.7)	3.4
	$ 370.6	$ (266.6)	$ 104.0	$ 347.6	$ (239.8)	$ 107.8

In October 2014 following the spin-off from ADP, the Company evaluated its branding strategy and the trademark names under which each of its businesses will operate. The Company determined that the Cobalt trademark used by the North American segments will no longer be used. Therefore, the Company revised the estimated useful life assigned to the Cobalt trademark. The Company recognized accelerated amortization on the trademark of $15.6 million in cost of revenues during fiscal 2015.

Other intangibles consist primarily of purchased rights, covenants, and patents (acquired directly or through acquisitions). All of the intangible assets have finite lives and, as such, are subject to amortization. The weighted-average remaining useful life of intangible assets is 5 years (7 years for customer lists, 3 years for software and software licenses, and 2 years for trademarks). Amortization of intangible assets was $29.6 million, $28.9 million, and $48.2 million for fiscal 2017, 2016, and 2015, respectively.

Estimated amortization expenses of the Company's existing intangible assets as of June 30, 2017 were as follows:

	Amount
Fiscal year ending 2018	$ 31.6
Fiscal year ending 2019	22.3
Fiscal year ending 2020	17.4
Fiscal year ending 2021	11.5
Fiscal year ending 2022	8.2
Thereafter	13.0
	$ 104.0

Note 13. Debt

Debt comprised of the following:

	June 30,	
	2017	2016
Revolving credit facility	$ —	$ —
2019 term loan facility	215.6	228.1
2020 term loan facility	231.3	243.8
2021 term loan facility	390.0	—
3.30% senior notes, due 2019	250.0	250.0
4.50% senior notes, due 2024	500.0	500.0
4.875% senior notes, due 2027	600.0	—
Capital lease obligations	1.5	3.6
Unamortized debt financing costs	(16.7)	(8.4)
Total debt and capital lease obligations	2,171.7	1,217.1
Current maturities of long-term debt and capital lease obligations	46.5	26.8
Total long-term debt and capital lease obligations	$ 2,125.2	$ 1,190.3

Revolving Credit Facility

The Company has a five-year senior unsecured revolving credit facility, which was undrawn as of June 30, 2017 and 2016. The revolving credit facility provides up to $300.0 million of borrowing capacity and includes a sub-limit of up to $100.0 million for loans in Euro and Pound Sterling. In addition, the revolving credit facility contains an accordion feature that allows for an increase in the available borrowing capacity of up to $100.0 million, subject to the agreement of lenders under the revolving credit facility or other financial institutions that become lenders to extend commitments as part of the increased revolving credit facility. Borrowings under the revolving credit facility are available for general corporate purposes. The revolving credit facility will mature on September 30, 2019, subject to no more than two one-year extensions if lenders holding a majority of the revolving commitments approve such extensions.

The revolving credit facility is unsecured and loans thereunder bear interest, at the Company's option, at (a) the rate at which deposits in the applicable currency are offered in the London interbank market (or, in the case of borrowings in Euro, the European interbank market) plus margins varying from 1.125% to 2.000% per annum based on the Company's senior, unsecured non-credit-enhanced, long-term debt ratings from Standard & Poor's Ratings Group and Moody's Investors Services Inc. (the "Ratings") or (b) solely in the case of U.S. dollar loans, (i) the highest of (A) the prime rate of JPMorgan Chase Bank, N.A., (B) a rate equal to the average of the overnight federal funds rate with a maturity of one day plus a margin of 0.500% per annum, and (C) the rate at which dollar deposits are offered in the London interbank market for a one-month interest period plus 1.000% plus (ii) margins varying from 0.125% to 1.000% per annum based on the Ratings. The unused portion of the revolving credit facility is subject to commitment fees ranging from 0.125% to 0.350% per annum based on the Ratings.

Term Loan Facilities

The Company has two five-year $250.0 million senior unsecured term loan facilities that mature on September 16, 2019 (the "2019 term loan facility") and December 14, 2020 (the "2020 term loan facility"), respectively. On December 9, 2016, the company entered into a five-year $400.0 million senior unsecured term loan facility that matures on December 9, 2021 (the "2021 term loan facility"). The 2019 term loan facility, 2020 term loan facility, and 2021 term loan facility are together referred to as the "term loan facilities." The term loan facilities are subject to amortization in equal quarterly installments of 1.25% of the aggregate original principal amount of the term loans made on the closing dates, with any unpaid principal amount to be due and payable on the maturity date.

The 2019 and 2020 term loan facilities bear interest at the same calculations as are applicable to dollar loans under the revolving credit facility. The interest rate per annum on both the 2019 and 2020 term loan facilities was 2.98% as of June 30, 2017 and 1.97% as of June 30, 2016.

The 2021 term loan bears interest, at the Company's option, at (a) the rate at which deposits in the applicable currency are offered in the London interbank market (or, in the case of borrowings in Euro, the European interbank market) plus margins varying from 1.250% to 2.500% per annum based on the Company's senior, unsecured non-credit enhanced, long-term debt ratings from Standard & Poor's Ratings Group and Moody's Investors Services Inc. (the "Ratings") or (b) solely in the case of U.S. dollar loans, (i) the highest of (A) the prime rate of JPMorgan Chase Bank, N.A., (B) a rate equal to the average of the overnight federal funds rate with a maturity of one day plus a margin of 0.500% per annum and (C) the rate at which dollar deposits are offered in the London interbank market for a one-month interest period plus 1.000% plus (ii) margins varying from 0.250% to 1.500% per annum based on the Ratings. The interest rate per annum on the 2021 term loan facility was 2.98% as of June 30, 2017.

Restrictive Covenants and Other Matters

The revolving credit facility and the term loan facilities are together referred to as the "credit facilities." The credit facilities contain various covenants and restrictive provisions that limit the Company's subsidiaries' ability to incur additional indebtedness; the Company's ability to consolidate or merge with other entities; and the Company's subsidiaries' ability to incur liens, enter into sale and leaseback transactions, and enter into agreements restricting the ability of the Company's subsidiaries to pay dividends. If the Company fails to perform the obligations under these and other covenants, the revolving credit facility could be terminated and any outstanding borrowings, together with accrued interest, under the credit facilities could be declared immediately due and payable. The credit facilities also have, in addition to customary events of default, an event of default triggered by the acceleration of the maturity of any other indebtedness the Company may have in an aggregate principal amount in excess of $75.0 million.

The credit facilities also contain financial covenants that will provide that (i) the ratio of total consolidated indebtedness to consolidated EBITDA shall not exceed 3.50 to 1.00 and (ii) the ratio of consolidated EBITDA to consolidated interest expense shall be a minimum of 3.00 to 1.00.

On December 9, 2016, the Company entered into (i) an Amendment to its Credit Agreement that covered the revolving credit facility and the 2019 term loan facility (the “2014 amendment”), and (ii) an Amendment to its Credit Agreement that covered the 2020 term loan facility (the “2015 amendment”). The 2014 amendment and the 2015 amendment amended certain “bail-in” language relating to EEA Financial Institutions and make certain changes to the definitions of “Change in Control,” “Consolidated EBITDA,” “Defaulting Lender,” and “Eligible Assignee.”

Senior Notes

On October 14, 2014, the Company completed an offering of 3.30% unsecured senior notes with a $250.0 million aggregate principal amount due in 2019 (the "2019 notes") and 4.50% unsecured senior notes with a $500.0 million aggregate principal amount due in 2024 (the "2024 notes"). The issuance price of the 2019 and 2024 notes was equal to the stated value. Interest is payable semi-annually on April 15 and October 15 of each year, and payment commenced on April 15, 2015. The interest rate payable on each applicable series of 2019 and 2024 notes is subject to adjustment from time to time if the credit ratings assigned to any series of 2019 and 2024 notes by the rating agencies is downgraded (or subsequently upgraded). The 2019 notes will mature on October 15, 2019, and the 2024 notes will mature on October 15, 2024. The 2019 notes and 2024 notes are redeemable at the Company's option prior to September 15, 2019 for the 2019 notes and prior to July 15, 2024 for the 2024 notes at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the 2019 notes or 2024 notes to be redeemed, and (ii) the sum of the present value of the remaining scheduled payments (as defined in the agreement), plus in each case, accrued and unpaid interest thereon. Subsequent to September 15, 2019 and July 15, 2024, the redemption

price for the 2019 notes and the 2024 notes, respectively, will equal 100% of the aggregate principal amount of the notes redeemed, plus accrued and unpaid interest thereon.

On May 15, 2017, the Company completed an offering of 4.875% unsecured senior notes with a $600.0 million aggregate principal amount due in 2027 (the "2027 notes," together with the "2024 notes" and the 2019 notes, the "senior notes"). The issuance price of the 2027 notes was equal to the stated value. Interest is payable semi-annually on June 1 and December 1 of each year, and payment will commence on December 1, 2017. The 2027 notes will mature on June 1, 2027. The 2027 notes are redeemable at the Company's option prior to June 1, 2022 in whole or in part at a redemption price equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, plus the applicable "make-whole" premium. Subsequent to June 1, 2022, the Company may redeem the 2027 notes at a price equal to: (i) 102.438% of the aggregate principal amount of the 2027 notes redeemed prior to June 1, 2023; (ii) 101.625% of the aggregate principal amount of the notes redeemed on or after June 1, 2023 but prior to June 1, 2024; (iii) 100.813% of the aggregate principal amount of the 2027 notes redeemed on or after June 1, 2024 but prior to June 1, 2025; and (iv) 100.000% of the aggregate principal amount of the 2027 notes redeemed thereafter.

The senior notes are general unsecured obligations of the Company and are not guaranteed by any of the Company's subsidiaries. The senior notes rank equally in right of payment with the Company's existing and future unsecured unsubordinated obligations, including the credit facilities. The senior notes contain covenants restricting the Company's ability to incur additional indebtedness secured by liens, engage in sale/leaseback transactions, and merge, consolidate, or transfer all or substantially all of the Company's assets.

The senior notes are also subject to a change of control provision whereby each holder of the senior notes has the right to require the Company to purchase all or a portion of such holder's senior notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest upon the occurrence of both a change of control and a decline in the rating of the senior notes.

In November 2016, Moody's and S&P lowered their credit ratings on the senior notes to Ba1 (Stable Outlook) from Baa3 (Negative Outlook) and to BB+ (Stable Outlook) from BBB- (Negative Outlook), respectively. The downgrades triggered interest rate adjustments for the 2019 and 2024 notes. Interest rates for the 2019 notes and 2024 notes increased to 3.80% from 3.30% and to 5.00% from 4.50%, respectively, effective October 15, 2016.

Capital Lease Obligations

The Company has lease agreements for equipment, which are classified as capital lease obligations. The Company recognized the capital lease obligations and related leased equipment assets based on the present value of the minimum lease payments at lease inception.

Unamortized Debt Financing Costs

As of June 30, 2017 and 2016, gross debt issuance costs related to debt instruments were $21.7 million and $11.1 million, respectively. Accumulated amortization was $5.0 million and $2.7 million as of June 30, 2017 and 2016, respectively. Additional debt issuance costs of $10.6 million were capitalized in fiscal 2017 for the 2021 term loan facility and the 2027 notes. Debt financing costs are amortized over the terms of the related debt instruments to interest expense on the consolidated and combined statement of operations.

The Company's aggregate scheduled maturities of the long-term debt and capital lease obligations as of June 30, 2017 were as follows:

	Amount
Fiscal year ending 2018	$ 46.5
Fiscal year ending 2019	45.0
Fiscal year ending 2020	473.1
Fiscal year ending 2021	213.8
Fiscal year ending 2022	310.0
Thereafter	1,100.0
Total debt and capital lease obligations	2,188.4
Unamortized deferred financing costs	(16.7)
Total debt and capital lease obligations, net of unamortized deferred financing costs	$ 2,171.7

Note 14. Commitments and Contingencies

The Company has obligations under various operating lease agreements for facilities and equipment. Total expense under these agreements was approximately $46.0 million, $49.3 million, and $45.2 million in fiscal 2017, 2016, and 2015, respectively, with minimum commitments as of June 30, 2017 as follows:

	Amount
Fiscal year ending 2018	$ 35.0
Fiscal year ending 2019	17.0
Fiscal year ending 2020	13.4
Fiscal year ending 2021	9.1
Fiscal year ending 2022	7.1
Thereafter	16.7
	$ 98.3

In addition to fixed rentals, certain leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices.

As of June 30, 2017, the Company had no purchase commitments and obligations related to royalty, purchase, and maintenance agreements on the Company's software, equipment, and other assets.

In the normal course of business, the Company may enter into contracts in which it makes representations and warranties that relate to the performance of the Company’s services and products. The Company does not expect any material losses related to such representations and warranties.

Legal Proceedings

From time to time, the Company is involved in legal, regulatory, and arbitration proceedings concerning matters arising in connection with the conduct of its business activities. Such proceedings can be expensive and disruptive to normal business operations. When losses are considered probable and reasonably estimable, the Company records a liability in the amount of its best estimate for the ultimate loss. At this time, the Company is unable to reasonably estimate any reasonably possible loss or ranges of losses on the matters and proceedings described below.

Competition Matters

The Company is involved in two lawsuits that set forth allegations of anti-competitive agreements between the Company and The Reynolds and Reynolds Company ("Reynolds and Reynolds") relating to the manner in which the defendants control access to, and allow integration with, their respective DMSs. The Company has also received from the Federal Trade Commission ("FTC") a Civil Investigative Demand consisting of a request to produce documents relating to any agreement between the Company and Reynolds and Reynolds.

On February 3, 2017, Motor Vehicle Software Corporation (“MVSC”) filed an antitrust suit against the Company, Reynolds and Reynolds, and CVR, in the U.S. District Court for the Central District of California, seeking treble damages and injunctive relief. On May 1, 2017, MVSC filed an amended complaint in connection with the case. On June 15, 2017, the defendants filed motions to dismiss the complaint. Plaintiff’s opposition to those motions was submitted to the court on July 31, 2017, and defendants’ replies are due on August 21, 2017. A hearing on the motions to dismiss is set for September 11, 2017.

On May 1, 2017, Authenticom, Inc. ("Authenticom") filed an antitrust suit against the Company's operating subsidiary, CDK Global, LLC, and Reynolds and Reynolds, in the U.S. District Court for the Western District of Wisconsin, seeking treble damages and injunctive relief. Authenticom moved for a preliminary injunction on May 18, 2017, which the court granted on July 14, 2017, subject to Authenticom’s posting of a $1 million bond. The form of that injunction was handed down by the court on July, 28, 2017, and defendants filed notices of appeal on the same day. On August 8, 2017, the U.S. Court of Appeals for the Seventh Circuit granted defendants' motion to stay the injunction pending appeal. Defendants' appellate brief is due on August 22, 2017, Authenticom's response is due September 5, 2017, and defendants' reply is due by September 12, 2017. On

July 21, 2017, the defendants filed motions to dismiss the complaint in the district court. Plaintiff's opposition is due September 8, 2017, and defendants' reply is due October 6, 2017.

The Company believes that both cases are without merit and intends to continue to contest the claims in these cases vigorously. Accordingly, legal and expert fees may be significant, and an adverse result in these suits could have a material adverse effect on the Company's business, results of operations, financial condition, or liquidity.

On June 22, 2017, the Company received from the FTC a Civil Investigative Demand consisting of interrogatories and a request to produce documents relating to any agreements between the Company and Reynolds and Reynolds. The Company is responding to the request. The request merely seeks information, and no proceedings have been instituted. The Company believes there has not been any conduct by the Company or its current or former employees that would be actionable under the antitrust laws in connection with the agreements between ourselves and Reynolds and Reynolds. At this time, the Company does not have sufficient information to predict the outcome of, or the cost of responding to or resolving this investigation.

Other Proceedings

The Company is otherwise involved from time to time in other proceedings not described above. Based on information available at this time, the Company believes that the resolution of these other matters currently pending will not individually or in the aggregate have a material adverse effect on our business, results of operations, financial condition, or liquidity. The Company's view of these matters may change as the proceedings and events related thereto unfold.

Note 15. Accumulated Other Comprehensive Income ("AOCI")

Comprehensive income is a measure of income that includes both net earnings and other comprehensive income (loss). Other comprehensive income (loss) results from items deferred on the consolidated balance sheets in CDK stockholders' (deficit) equity. The Company's other comprehensive income (loss) for fiscal 2017, 2016, and 2015 and AOCI balances as of June 30, 2017, 2016, and 2015 were comprised solely of currency translation adjustments. Other comprehensive income (loss) was $2.2 million, $(45.8) million, and $(34.1) million for fiscal 2017, 2016, and 2015, respectively. The accumulated balances reported in AOCI on the consolidated and combined balance sheets for currency translation adjustments were $8.0 million, $5.8 million, and $51.6 million as of June 30, 2017, 2016, and 2015, respectively.

Note 16. Share Repurchase Transactions

In December 2015, the Board of Directors authorized the Company to repurchase up to $1.0 billion of its common stock as part of its $1.0 billion return of capital plan. In December 2016, the company completed its $1.0 billion return of capital plan. In January 2017, the Board of Directors terminated this authorization and replaced it with an authorization for the Company to repurchase up to $2.0 billion of our common stock as part of a new return of capital plan. Under the authorization, the Company may purchase its common stock in the open market or in privately negotiated transactions from time to time as permitted by federal securities laws and other legal requirements. The actual timing, number, and price of any shares to be repurchased is determined at management's discretion and depends on a number of factors, including the market price of the shares, general market and economic conditions, and other potential uses for free cash flow including, but not limited to, potential acquisitions.

In December 2015, the Company entered into an accelerated share repurchase agreement ("December 2015 ASR") to purchase $250.0 million of the Company's common stock. Under the terms of the December 2015 ASR, the Company made a $250.0 million payment in December 2015 and received an initial delivery of approximately 4.3 million shares of the Company's common stock. In June, 2016, the Company received an additional 1.0 million shares of common stock in final settlement of the December 2015 ASR, for a total of 5.3 million shares. The value reflected in treasury stock upon completion of the December 2015 ASR represents the value of the shares received based on the closing price of the Company's stock on the respective settlement dates, which is higher than the $250.0 million cash paid by $6.2 million.

In June 2016, the Company entered into an accelerated share repurchase agreement ("June 2016 ASR") to purchase $300.0 million of the Company's common stock. Under the terms of the June 2016 ASR, the Company made a $300.0 million payment in June 2016 and received an initial delivery of approximately 4.3 million of the Company's common stock. In September 2016, the Company received an additional 1.0 million shares of common stock in final settlement of the June 2016 ASR, for a total of 5.3 million shares. The value reflected in treasury stock upon completion of the June 2016 ASR represents

the value of the shares received based on the closing price of the Company's stock on the respective settlement dates, which is less than the $300.0 million cash paid by $3.1 million.

In December 2016, the Company entered into an accelerated share repurchase agreement ("December 2016 ASR") to purchase $330.0 million of the Company's common stock. Under the terms of the December 2016 ASR, the Company made a $330.0 million payment in December 2016 and received an initial delivery of approximately 4.5 million shares of the Company's common stock. In May 2017, the Company received an additional 0.7 million shares of common stock in final settlement of the December 2016 ASR, for a total of 5.2 million shares. The value reflected in treasury stock upon completion of the December 2016 ASR represents the value of the shares received based on the closing price of the Company's stock on the respective settlement dates, which is less than the $330.0 million cash paid by $21.2 million.

In May 2017, the Company entered into an accelerated share repurchase agreement ("May 2017 ASR") to purchase $350.0 million of the Company's common stock. Under the terms of the May 2017 ASR, the Company made a $350.0 million payment in May 2017 and received initial delivery of approximately 4.5 million of the Company's common stock. The payment was recorded as a reduction to stockholders' equity, consisting of a $280.0 million increase to treasury stock, which reflects the value of the 4.5 million shares received upon initial settlement, and a $70.0 million decrease in additional paid-in-capital, which reflects the value of stock held back. The final settlement of the May 2017 ASR is expected to occur no later than the end of the Company's first quarter of fiscal 2018 and may result in the receipt or delivery of additional shares of common stock. Additionally, the Company made open market repurchases of 0.3 million shares of the Company's common stock during fiscal 2017 for a total cost of approximately $20.0 million.

The final number of shares purchased under the ASRs is calculated based on the average of the daily volume-weighted average price of the Company's common stock during the term of the respective ASR transaction, less a discount and subject to adjustments pursuant to the terms and conditions of the respective ASR agreement.

Note 17. Transactions with ADP

Prior to the spin-off, the Company entered into a transition services agreement with ADP to provide for an orderly transition to being an independent company. Among the principal services to be provided by ADP to the Company were operational and administrative infrastructure-related services, such as use of the e-mail domain “adp.com,” facilities sharing, procurement support, tax, human resources administrative services and services related to back office support, and software development in ADP's Indian facilities. Among the principal services to be provided by the Company to ADP were operational and administrative infrastructure-related services, such as facilities sharing and human resources administrative services. The agreement expired and services under it ceased on September 30, 2015, the one year anniversary of the spin-off.

The Company entered into a data services agreement with ADP prior to the spin-off under which ADP will provide the Company with certain data center sharing services relating to the provision of information technology, platform support, hosting and network services. The term of the agreement expired two years after the spin-off date.

The Company entered into an intellectual property transfer agreement with ADP prior to the spin-off under which ADP assigned to the Company certain patents, trademarks, copyrights, and other intellectual property developed or owned by ADP or certain of its subsidiaries and with respect to which the Company is the primary or exclusive user today or the anticipated primary or exclusive user in the future. The term of the agreement is perpetual after the spin-off date.

The Company also entered into an employee matters agreement with ADP prior to the spin-off pursuant to which certain employee benefit matters will be addressed, such as the treatment of ADP options held by Company employees after the spin-off and the treatment of benefits for Company management employees who participate in and have accrued benefits under ADP's Supplemental Officer Retirement Plan. The agreement also, to the extent provided therein, delineates the benefit plans and programs in which the Company's employees participate following the spin-off. ADP remains responsible for the payment of all benefits under the ADP plans.

For fiscal 2016 and the period from the date of spin-off through the end of fiscal 2015, the Company recorded $2.2 million and $8.6 million, respectively, of expenses related to the transition services agreement. The Company recorded $3.4 million, $7.5 million, and $9.2 million, of expenses related to the data services agreement in the accompanying financial statements for fiscal 2017, 2016 and 2015, respectively. The continuing data services expenses in fiscal 2017 primarily relate to leases of equipment that have expiration dates past the term of the agreement. As of June 30, 2016, the Company had amounts payable to ADP under the transition services and data services agreements of $0.1 million and had no amounts payable to ADP at June 30, 2017.

Refer to Note 8 for further information on the tax matters agreement with ADP.

Note 18. Financial Data by Segment

On July 1, 2016, the Company executed a comprehensive reorganization to streamline its organization that will enable it to deliver an improved customer experience, create significant efficiencies, and better align it to implement the business transformation plan. The organizational changes included integrating product management, combining the Digital Marketing and Automotive Retail North America operations into a single organization, creating a single North America sales organization, and forming a global research and development organization. In connection with this reorganization, information that the Company's chief operating decision maker regularly reviews for purposes of allocating resources and assessing performance changed resulting in a reassessment of operating segments.

The Company reorganized into two main operating groups. In connection with this reorganization, our operating segments have changed. The Company's first operating group is CDK North America which is comprised of two reportable segments, Retail Solutions North American and Advertising North America. The second operating group, which is also a reportable segment, is CDK International. Segment information for the fiscal 2016 and 2015 has been updated to conform to the new presentation.

The primary components of the Other segment are corporate allocations and other expenses not recorded in the segment results, such as stock-based compensation expense, corporate costs, interest expense, costs attributable to the business transformation plan, results of our captive insurance company and certain unallocated expenses. Certain expenses are charged to the reportable segments at a standard rate for management reasons. Other costs are recorded based on management responsibility.

	Retail Solutions North America [1]	Advertising North America [1]	CDK International	Other [2] [3]	Total
Year ended June 30, 2017					
Revenues	$ 1,600.7	$ 307.6	$ 311.9	$ —	$ 2,220.2
Earnings before income taxes	605.5	44.4	75.0	(289.6)	435.3
Assets	1,231.1	312.1	538.9	801.0	2,883.1
Capital expenditures	51.6	—	7.8	3.0	62.4
Depreciation and amortization	48.2	3.1	11.4	7.6	70.3
Year ended June 30, 2016					
Revenues	$ 1,521.3	$ 279.7	$ 313.6	$ —	$ 2,114.6
Earnings before income taxes	481.3	27.5	61.1	(200.8)	369.1
Assets	1,240.9	307.9	539.4	276.8	2,365.0
Capital expenditures	37.4	—	8.3	5.1	50.8
Depreciation and amortization	39.3	3.7	12.5	8.5	64.0
Year ended June 30, 2015					
Revenues	$ 1,501.2	$ 243.1	$ 319.2	$ —	$ 2,063.5
Earnings before income taxes	411.4	(0.8)	47.3	(158.0)	299.9
Assets	1,172.6	285.6	595.4	464.9	2,518.5
Capital expenditures	32.1	—	7.1	4.8	44.0
Depreciation and amortization	46.0	13.9	15.0	1.6	76.5

(1) ANA includes $10.1 million and RSNA $5.5 million of accelerated amortization in fiscal 2015 attributable to the Cobalt trademark.

(2) Other includes $34.6 million of separation costs in fiscal 2015.

(3) Other also includes $18.4 million, $20.2 million and $2.4 million of restructuring expenses related to the business transformation plan in fiscal 2017, 2016, and 2015, respectively.

Supplemental disclosure of revenue by type was as follows:

Retail Solutions North America:

Subscription: for software and technology solutions provided to automotive retailers and OEMs, which includes:

- DMSs and layered applications, which may be installed onsite at the customer's location, or hosted and provided on a SaaS basis, including ongoing maintenance and support;
- Interrelated services such as installation, initial training, and data updates;
- Websites, search marketing, and reputation management services; and
- Hardware on a service basis, meaning no specific assets are identified or a substantive right of substitution exists.

Transaction: fees per transaction to process credit reports, vehicle registrations, and automotive equity mining.

Other: consulting and professional services, sales of hardware, and other miscellaneous revenues.

Advertising North America revenues are primarily earned for placing internet advertisements for OEMs and automotive retailers.

CDK International revenues are generated primarily from Subscription revenue as described above, aside from the absence of website offerings.

	Revenues		
	Years Ended June 30,		
	2017	2016	2015
CDK North America:			
Retail Solutions North America:			
Subscription revenue	$ 1,261.4	$ 1,191.2	$ 1,124.7
Transaction revenue [1]	179.5	179.1	204.3
Other revenue	159.8	151.0	172.2
Total Retail Solutions North America	$ 1,600.7	$ 1,521.3	$ 1,501.2
Advertising North America revenue	307.6	279.7	243.1
CDK International revenue	311.9	313.6	319.2
Total	$ 2,220.2	$ 2,114.6	$ 2,063.5

(1) Transaction revenue in fiscal 2015 includes $46.2 million of revenue related to the internet sales leads business, which was sold on May 21, 2015.

Revenues and property, plant and equipment, net by geographic area were as follows:

	United States	Europe	Canada	Other	Total
Year ended June 30, 2017					
Revenues	$ 1,808.9	221.0	99.2	$ 91.1	$ 2,220.2
Property, plant and equipment, net	104.5	16.3	3.7	10.5	135.0
Year ended June 30, 2016					
Revenues	$ 1,706.4	$ 227.8	$ 94.5	$ 85.9	$ 2,114.6
Property, plant and equipment, net	91.2	15.3	2.1	10.0	118.6
Year ended June 30, 2015					
Revenues	$ 1,641.1	$ 226.2	$ 102.9	$ 93.3	$ 2,063.5
Property, plant and equipment, net	72.7	16.2	0.4	10.7	100.0

Note 19. Quarterly Financial Results (Unaudited)

Summarized quarterly results of operations for the fiscal 2017 and 2016 were as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended June 30, 2017				
Revenues	$ 550.7	$ 547.8	$ 556.3	$ 565.4
Gross profit [(1)]	235.6	244.6	248.6	256.5
Earnings before income taxes	111.9	118.9	110.4	94.1
Net earnings	79.2	83.6	78.8	60.9
Net earnings attributable to noncontrolling interest	2.3	0.9	1.5	2.2
Net earnings attributable to CDK	76.9	82.7	77.3	58.7
Basic earnings attributable to CDK per share	$ 0.51	$ 0.56	$ 0.53	$ 0.41
Diluted earnings attributable to CDK per share	$ 0.51	$ 0.55	$ 0.53	$ 0.41
Year ended June 30, 2016				
Revenues	$ 514.6	$ 520.1	$ 537.7	$ 542.2
Gross profit [(1)]	203.8	218.9	221.9	226.6
Earnings before income taxes	95.8	106.8	78.6	87.9
Net earnings	61.2	69.7	55.7	60.2
Net earnings attributable to noncontrolling interest	2.2	1.5	1.9	1.9
Net earnings attributable to CDK	59.0	68.2	53.8	58.3
Basic earnings attributable to CDK per share	$ 0.37	$ 0.43	$ 0.35	$ 0.38
Diluted earnings attributable to CDK per share	$ 0.37	$ 0.43	$ 0.34	$ 0.37

(1) Gross profit is calculated as revenues less cost of revenues.

CDK Global, Inc.
Schedule II - Valuation and Qualifying Accounts
(In millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
	Balance at beginning of period	Charged (credited) to costs and expenses	Charged (credited) to other accounts	Deductions	Balance at end of period
Year ended June 30, 2017					
Accounts receivable allowances	$ 7.1	$ 1.7	$ —	$ (2.5) [1]	$ 6.3
Deferred tax valuation allowance	34.3	1.9	—	(1.1)	35.1
Year ended June 30, 2016					
Accounts receivable allowances	$ 6.8	$ 2.3	$ (0.1)	$ (1.9) [1]	$ 7.1
Deferred tax valuation allowance	33.4	1.1	(0.2) [2]	—	34.3
Year ended June 30, 2015					
Accounts receivable allowances	$ 12.2	$ (2.8)	$ (0.5) [3]	$ (2.1) [1]	$ 6.8
Deferred tax valuation allowance	7.1	29.8 [4]	(0.8) [2]	(2.7)	33.4

(1) Doubtful accounts written off, less recoveries on accounts previously written off.
(2) Includes amounts related to foreign exchange fluctuations.
(3) Includes amounts written off as a result of divestitures and amounts related to foreign exchange fluctuations.
(4) Primarily relates to the full valuation allowance recognized for capital losses realized on the internet sales leads business disposition further discussed in Note 8.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act (the "evaluation"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2017 in ensuring that (i) information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure, and (ii) such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2017 based on the guidelines established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of our evaluation, our management has concluded that our internal control over financial reporting was effective as of June 30, 2017.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of June 30, 2017. Their report is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting. There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2017 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Effective August 8, 2017, the Company adopted the Third Amended and Restated Change in Control Severance Plan for Corporate Officers (the “Severance Plan”). As of August 8, 2017, there were 11 eligible participants in the Severance Plan. The Severance Plan amends the Second Amended and Restated Change in Control Severance Plan for Corporate Officers by replacing; (i) the lump sum benefits payment with a 24 month continuance of benefits for the Company's CEO and an 18 month continuance of benefits for all other participants; (ii) the portion of the Severance Payments calculation based on the average annual bonus for the two most recent calendar years with a bonus amount equal to 100% of target for the fiscal year in which a termination occurs; and (iii) the settlement in shares of any then ongoing performance program based on 100% of target performance with actual performance for any program for which any performance period has ended and 100% of target for all other performance goals. The foregoing is qualified in its entirety by reference to the Severance Plan, which is filed as Exhibit 10.11 hereto and incorporated by reference herein.

Part III
Item 10. Directors, Executive Officers and Corporate Governance

The executive officers of the Company, their ages, and positions are as follows:

Name	Age*	Position(s)
Brian P. MacDonald	51	President, Chief Executive Officer and Director
Joseph A. Tautges	41	Executive Vice President
Lee J. Brunz	47	Executive Vice President, Interim Chief Financial Officer, General Counsel and Secretary
Robert N. Karp	56	President, CDK North America
Neil Packham	46	President, CDK International
Rajiv K. Amar	50	Executive Vice President, Chief Technology Officer
Amy W. Byrne	46	Executive Vice President, Chief Human Resources Officer
Dean Crutchfield	56	Executive Vice President, Chief Information Officer
Dan Flynn	47	Executive Vice President, Business Transformation
Ron L. Frey	51	Executive Vice President, Global Chief Strategy Officer
Scott L. Mathews	59	Executive Vice President, North America Sales

* As of June 30, 2017

Brian P. MacDonald has served as our President since January 1, 2016, as our Chief Executive Officer since March 8, 2016, and as a member of our Board of Directors since June 15, 2015. Prior to joining CDK, Mr. MacDonald served as President and Chief Executive Officer of Hertz Rental Equipment Corporation from June 2014 to May 2015, and as interim Chief Executive Officer of Hertz Corporation from September 2014 to November 2014. Prior to Hertz, Mr. MacDonald served as President and Chief Executive Officer of ETP Holdco Corp., an entity formed following Energy Transfer Partners' $5.3 billion acquisition of Sunoco, Inc. in 2012, where Mr. MacDonald had served as Chairman, President and Chief Executive Officer prior to ETP's acquisition of Sunoco. During his tenure at Sunoco, the company undertook a substantial restructuring to strengthen and transform the organization and better position it for growth. Sunoco exited unprofitable operations, significantly reduced costs, improved efficiencies, and refocused on established high-return businesses. Mr. MacDonald has also held executive management roles at Dell, General Motors Corporation, and Isuzu Motors Limited.

Mr. MacDonald previously served on the board of directors of Computer Sciences Corporation from August 2013 to April 2017, the board of directors of Sunoco from March 2012 to October 2012, Sunoco Logistics from October 2009 to October 2012, and on the board of directors of Ally Financial, Inc. from May 2013 to July 2014 following his appointment by the U.S. Department of the Treasury.

Joseph A. Tautges has served as our Executive Vice President since August 1, 2017 and will begin service as our Executive Vice President, Chief Financial Officer on August 9, 2017. Prior to joining CDK, Mr. Tautges served as Chief Financial Officer of the $18 billion Enterprise Services segment of Hewlett Packard Enterprise (“HPE”) from May 2014 to April 2017. While at HPE, he led a transformation initiative which enabled significant margin expansion and improved free cash flow resulting in the recent spin-merger of Enterprise Services with Computer Science Corporation to form the $26 billion DXC Technology Company. Prior to HPE, Mr. Tautges held various levels of increasing responsibility in both operations and financial management with Sears Holdings from 2011 to 2014 and Aon Hewitt from 2002 to 2011. Mr. Tautges is a Certified Public Accountant.

Lee J. Brunz has served as our interim Chief Financial Officer since the departure of Mr. Nietzel effective May 31, 2017. Mr. Brunz has served as our Executive Vice President, General Counsel and Secretary since the spin-off, and will continue in this role after Mr. Tautges assumes the Chief Financial Officer role. Prior to the spin-off, Mr. Brunz served as Vice President, Counsel for the Digital Marketing business of the Dealer Services division of ADP since Dealer Services’ 2010 acquisition of Cobalt Holding Company. Prior to joining the Dealer Services division of ADP, he served as Vice President, Finance & General Counsel of Cobalt from 2008 to 2010 and as Vice President & General Counsel from 2004 to 2008.

Robert N. Karp has served as our President, CDK North America since July 1, 2016. From the spin-off through June 30, 2016, Mr. Karp served as our President, Automotive Retail North America. Prior to the spin-off, Mr. Karp served as the

Senior Vice President, North America Operations and Sales for Dealer Services division of ADP. Mr. Karp joined ADP Dealer Services in 1994. He has held a variety of roles within ADP Dealer Services, including Senior Vice President, eCommerce, Senior Vice President, North America Operations, Vice President, Strategic Accounts, Vice President, Alliance Segment, and Vice President, Client Relations. Prior to joining ADP Dealer Services, Mr. Karp held various general management and operations roles with IBM and PRC Corporation.

Neil Packham has served as our President, CDK International since January 18, 2017. Mr. Packham joined CDK in July 2013 as Vice President for CDK's UK region, which encompasses UK, Middle East, Ireland and Africa. Prior to joining CDK, Mr. Packham worked in the automotive, digital and software sectors working in a variety of business areas such as business development and strategy, sales and marketing, product development, and general management. He has held senior positions within a number of large corporations and start-ups.

Rajiv K. Amar has served as our Chief Technology Officer since April 14, 2016. Mr. Amar joined CDK in July 2014 as Division Vice President for Development. Prior to joining CDK, Mr. Amar was Senior Director of Research and Development for Sage Software Inc. from 2012 to 2014. He also previously held the role of Director of Product Development and Engineering with Serena Software Inc. from 2008 to 2012.

Amy W. Byrne has served as our Executive Vice President, Chief Human Resources Officer since June 5, 2017. Prior to joining CDK, Ms. Byrne served as Vice President, Human Resources, Latin America for Avon Products from 2011 to 2016 and as Vice President, Corporate Human Resources and Global Compensation and Benefits from 2006 to 2011.

Dean Crutchfield has served as our Executive Vice President and Chief Information Officer since in June 8, 2016. Prior to joining CDK, Mr. Crutchfield served as the Chief Information Officer of Zebra Technologies from 2013 to 2016. He also previously held information technology leadership roles at Dell from 1999 to 2013.

Dan Flynn has served as our Executive Vice President of Business Transformation since February 2, 2016. Prior to joining CDK, Mr. Flynn served as the Senior Vice President, North America Rent-A-Car Operations at Hertz from 2014 through 2016. He previously served as Regional Vice President, Southeast Region and Separation Management Office, for Hertz Equipment Rental Corporation. Mr. Flynn had extensive process and operational management responsibilities at Hertz, and led company-wide, Lean Six Sigma-based process improvement initiatives from 2007 to 2012 in various leadership roles.

Ron L. Frey has served as our Executive Vice President, Chief Global Strategy Officer since April 17, 2017. Prior to joining CDK, Mr. Frey served as Chief Strategy Officer for CU Direct Autonation from October 2016 through April 2017. In October 2015, Mr. Frey founded RL Frey, which provides consulting services to the automotive industry. From October 2007 through October 2015, Mr. Frey served as Chief Strategy Officer at Autonation. He is also a director of Dealer Tire since January 2017.

Scott L. Mathews has served as our Executive Vice President, North America Sales since July 1, 2016. From the spin-off through June 30, 2016, Mr. Mathews served as our President, Digital Marketing. Prior to the spin-off, Mr. Mathews served as the Senior Division Vice President & General Manager for the Digital Marketing business of the Dealer Services division of ADP. Mr. Mathews joined the Dealer Services division of ADP in August 2010 following the acquisition of Cobalt Holding Company. Prior to joining the Dealer Services division of ADP, he served as Executive Vice President & General Manager of Cobalt from 2005 and as Cobalt's Chief Operating Officer from 2002 to 2005.

Directors, Audit Committee, and Section 16(a) Beneficial Ownership Reporting Compliance

The information required by this item will be set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement to be filed with the Securities Exchange Commission ("SEC") no later than 120 days after the close of our fiscal year ended June 30, 2017. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to our executive officers, directors, and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller, and persons performing similar functions. The Code of Ethics may be viewed on our website at www.cdkglobal.com under "Corporate Governance" in the "Investor Relations" section. We will provide a copy of the Code of Ethics without charge upon request to the Corporate Secretary, CDK Global, Inc., 1950 Hassell Road, Hoffman Estates, IL 60169. In the event we amend or waive any of the provisions of the Code of Ethics applicable to our directors and executive officers, including our

principal executive officer, principal financial officer, principal accounting officer, controller, and persons performing similar functions, that relates to any element of the definition of “code of ethics” enumerated in Item 406(b) of Regulation S-K under the 1934 Act, we intend to disclose these actions on our website within four business days following the date of the amendment or waiver.

Item 11. Executive Compensation

The information required by this item will be set forth under the caption "Compensation of Executive Officers" and "Compensation Discussion and Analysis" in the Proxy Statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended June 30, 2017. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended June 30, 2017. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth under the caption "Certain Relationships and Related Party Transactions" in the Proxy Statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended June 30, 2017. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Item 14. Principal Accounting Fees and Services

The information required by this item will be set forth under the caption "Fees of Independent Accounting Firm" under "Independent Accounting Firm Independence and Fee Pre-Approval Policies and Procedures" in the Proxy Statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended June 30, 2017. If the Proxy Statement is not filed with the SEC by such time, such information will be included in an amendment to this Annual Report by such time.

Part IV
Item 15. Exhibits, Financial Statement Schedules

The following documents are included in "Financial Statements and Supplementary Data" in Part II, Item 8 of this Annual Report on Form 10-K:

1. Financial Statements

   Reports of Independent Registered Public Accounting Firm

   Consolidated and Combined Statements of Operations for the years ended June 30, 2017, 2016, and 2015

   Consolidated and Combined Statements of Comprehensive Income for the years ended June 30, 2017, 2016, and 2015

   Consolidated Balance Sheets as of June 30, 2017 and 2016

   Consolidated and Combined Statements of Cash Flows for the years ended June 30, 2017, 2016, and 2015

   Consolidated and Combined Statements of (Deficit) Equity for the years ended June 30, 2017, 2016, and 2015

   Notes to the Consolidated and Combined Financial Statements

2. Financial Statement Schedule

   Schedule II - Valuation and Qualifying Accounts.

The following exhibits are filed with this Annual Report on Form 10-K or incorporated herein by reference to the document set forth next to the exhibit in the list below:

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Certificate of Incorporation of CDK Global, Inc.	8-K	1-36486	3.1	10/1/2014	
3.2	Amended and Restated By-Laws of CDK Global, Inc., dated March 7, 2017	8-K	1-36486	3.1	3/9/2017	
4.1	Indenture, dated as of October 14, 2014, among CDK Global, Inc. and U.S. Bank National Association, as trustee, pursuant to which the 3.30% Senior Notes due 2019 were issued	8-K	1-36486	4.1	10/17/2014	
4.2	Indenture, dated as of October 14, 2014, among CDK Global, Inc. and U.S. Bank National Association, as trustee, pursuant to which the 4.50% Senior Notes due 2024 were issued	8-K	1-36486	4.2	10/17/2014	
4.3	Indenture, dated as of May 15, 2017, between CDK Global, Inc. and U.S. Bank National Association, as trustee, pursuant to which the 4.875% senior notes due 2027 were issued	8-K	1-36486	4.1	5/15/2017	
4.4	Registration Rights Agreement, dated as of May 15, 2017, between CDK Global, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated	8-K	1-36486	4.2	5/15/2017	
10.1	Letter Agreement, by and among CDK Global, Inc., Elliott Associates, L.P., Elliott International, L.P. and Elliott International Capital Advisors Inc., dated August 2, 2016	8-K	1-36486	10.1	8/3/2016	
10.2	Credit Agreement, dated as of December 9, 2016, among the Company, the lenders party thereto, and Bank of America, N.A. as Administrative Agent	8-K	1-36486	10.1	12/12/2016	
10.3	First Amendment, dated as of December 9, 2016, to the Credit Agreement dated September 16, 2014, among the Company (f/k/a CDK Global Holdings, LLC), the borrowing subsidiaries from time to time party thereto, the lenders party thereto, and JP Morgan Chase Bank, as Administrative Agent	8-K	1-36486	10.2	12/12/2016	

10.4	First Amendment, dated as of December 9, 2016, to the Credit Agreement dated December 14, 2015, among the Company, the lenders party thereto, and Bank of America, N.A., as Administrative Agent	8-K	1-36486	10.3	12/12/2016	
10.5	CDK Global, Inc. 2014 Omnibus Award Plan (Management Compensatory Plan)	DEF 14A	1-36486	Appendix A	9/22/2015	
10.6	First Amendment to the CDK Global, Inc. 2014 Omnibus Award Plan (Management Compensatory Plan)					X
10.7	CDK Global Inc. Deferred Compensation Plan (Management Compensatory Plan)	8-K	1-36486	10.9	10/1/2014	
10.8	UK Tax Advantaged Sub-Plan (Management Compensatory Plan)	8-K	1-36486	10.1	1/26/2015	
10.9	CDK Global, Inc. Corporate Officer Severance Plan (Management Compensatory Plan)	10-Q	1-36486	10.7	2/3/2016	
10.10	Second Amended and Restated Change in Control Severance Plan for Corporate Officers (Management Compensatory Plan)	10-K	1-36486	10.20	8/9/2016	
10.11	Third Amended and Restated Change in Control Severance Plan for Corporate Officers (Management Compensatory Plan)					X
10.12	Form of Deferred Unit Award Agreement under the 2014 Omnibus Award Plan (Form for Non-Employee Director) (Management Compensatory Plan)	10-Q	1-36486	10.18	11/13/2014	
10.13	Form of Restricted Stock Unit Award Agreement under the 2014 Omnibus Award Plan (Form for Non-Employee Director) (Management Compensatory Plan)	10-Q	1-36486	10.7	11/3/2015	
10.14	Form of Stock Option Grant Agreement under the 2014 Omnibus Award Plan (Form for Non-Employee Director) (Management Compensatory Plan)	10-Q	1-36486	10.8	11/3/2015	
10.15	Form of Stock Option Grant Agreement under the 2014 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)	10-Q	1-36486	10.8	2/3/2016	
10.16	UK Tax Advantaged Sub-Plan Form of Stock Option Grant Agreement under the 2014 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)	10-Q	1-36486	10.9	2/3/2016	
10.17	Form of Restricted Unit Award Agreement under the 2014 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)	10-Q	1-36486	10.10	2/3/2016	
10.18	Form of Restricted Stock Award Agreement under the 2014 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)	10-Q	1-36486	10.11	2/3/2016	
10.19	Form of Performance Stock Unit Award Agreement under the 2014 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)	10-Q	1-36486	10.12	2/3/2016	
12.1	Computation of Ratio of Earnings to Fixed Charges					X
21.1	Subsidiaries of the Registrant					X
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm					X
31.1	Certification by Brian P. MacDonald pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934					X
31.2	Certification by Lee J. Brunz pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934					X
32.1	Certification by Brian P. MacDonald pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification by Lee J. Brunz pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL instance document					X
101.SCH	XBRL taxonomy extension schema document					X
101.CAL	XBRL taxonomy extension calculation linkbase document					X
101.LAB	XBRL taxonomy label linkbase document					X
101.PRE	XBRL taxonomy extension presentation linkbase document					X
101.DEF	XBRL taxonomy extension definition linkbase document					X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CDK Global, Inc.
(Registrant)

Date: August 8, 2017

/s/ Lee J. Brunz
Lee J. Brunz

Executive Vice President, Interim Chief Financial Officer
(principal financial and accounting officer)
(Title)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brian P. MacDonald Brian P. MacDonald	President, Chief Executive Officer and Director (principal executive officer)	August 8, 2017
/s/ Lee J. Brunz Lee J. Brunz	Executive Vice President, Interim Chief Financial Officer (principal financial and accounting officer)	August 8, 2017
/s/ Leslie A. Brun Leslie A. Brun	Director	August 8, 2017
/s/ Willie A. Deese Willie A. Deese	Director	August 8, 2017
/s/ Amy J. Hillman Amy J. Hillman	Director	August 8, 2017
/s/ Eileen J. Martinson Eileen J. Martinson	Director	August 8, 2017
/s/ Stephen A. Miles Stephen A. Miles	Director	August 8, 2017
/s/ Robert E. Radway Robert E. Radway	Director	August 8, 2017
/s/ Stephen F. Schuckenbrock Stephen F. Schuckenbrock	Director	August 8, 2017
/s/ Frank S. Sowinski Frank S. Sowinski	Director	August 8, 2017
/s/ Robert M. Tarkoff Robert M. Tarkoff	Director	August 8, 2017

Exhibit 10.6

AMENDMENT NO. 1 TO THE
CDK GLOBAL, INC. 2014 OMNIBUS AWARD PLAN

THIS AMENDMENT NO. 1 (this "Amendment") is made to the CDK Global, Inc. 2014 Omnibus Award Plan (the "Equity Plan") effective as of this 18th day of January 2017. Capitalized terms used and not defined herein shall have their respective meanings as set forth in the Equity Plan.

1. Method of Exercise and Form of Payment. Section 7(d)(ii) is amended by adding the words "(up to the maximum rate)" at the end of the clause, such that Section 7(d)(ii) shall hereinafter read as follows:

> "(ii) a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise deliverable in respect of an Option that are needed to pay the Exercise Price and all applicable required withholding taxes (up to the maximum rate);"

2. Tax Withholding. Section 14(d)(ii) is amended by deleting the words "(but no more than the minimum required statutory withholding liability)" and replacing them with "(up to the maximum statutory withholding amount permitted)" such that Section 14(d)(ii) shall hereinafter read as follows:

> "(ii) Without limiting the generality of clause (i) above, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability (up to the maximum statutory withholding amount permitted) by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) owned by the Participant having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability."

3. General. This Amendment shall not constitute a waiver, amendment or modification of any provision of the Equity Plan not expressly referred to herein. On and after the date hereof, each reference in the Equity Plan to "the Plan," "herein," "hereof," "hereunder" or words of similar import shall mean and be a reference to the Equity Plan as amended hereby. To the extent that a provision of this Amendment conflicts with or differs from a provision of the Equity Plan, such provision of this Amendment shall prevail and govern for all purposes and in all respects.

4. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof.

Exhibit 10.11

CDK GLOBAL, INC.

THIRD AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE PLAN

FOR

CORPORATE OFFICERS

The purpose of this Third Amended and Restated Change in Control Severance Plan for Corporate Officers (the "Plan") is to enable CDK Global, Inc., a Delaware corporation (the "Company"), to offer a form of income protection to "Participants" (as defined in Section 1.1 below) in the event their employment with the Company terminates under certain circumstances due to a "Change in Control" (as defined in Section 8.3 below). The Plan, which was established effective as of September 30, 2014 and amended and restated effective as of September 9, 2015 and August 9, 2016 (the "Prior Plan"), is hereby amended and restated effective as of August 8, 2017; provided, however, that in accordance with Section 5.1 below, no provision herein that provides for a reduction of benefits from the Prior Plan shall be effective with respect to any individual Participant who suffers a Qualifying Termination prior to February 5, 2018. Subject to proviso in the immediately preceding sentence, the Plan, as amended and restated herein, supersedes in its entirety the Prior Plan.

ARTICLE I: ELIGIBILITY AND BENEFITS

1.1 Eligibility and Participation. Each employee who is a corporate officer of the Company on the date of a Change in Control as a result of his election by the Board of Directors of the Company (the "Board") is eligible to participate in the Plan (a "Participant"). Notwithstanding the foregoing, if an employee who is not a corporate officer on the date of a Change in Control reasonably demonstrates that, in contemplation of the Change in Control or at the request of a party which subsequently causes a Change in Control, the Company removed him from such office, such employee shall also be a Participant. Each Participant will receive a participation letter confirming the Participant's participation in the Plan, in the form attached hereto as Exhibit A.

1.2 Severance Benefits. (a) If a Change in Control occurs prior to the date a Participant's employment with the Company terminates, then upon the termination of the Participant's employment by the Company without "Cause" (as defined in Section 8.2 below) or by the Participant for "Good Reason" (as defined in Section 8.6 below), in either case during the two-year period following the Change in Control (individually, a "Qualifying Termination"), subject to Section 1.6 below, such Participant shall be paid a lump sum payment equal to the sum of the following amounts (collectively, the "Severance Benefits"):

(i) Severance Payments. A payment equal to 200% (or in the case of the Company's Chief Executive Officer, 250%) of the Participant's "Current Total Annual Compensation" (as defined in Section 8.5 below); and

(ii) Pro Rata Bonus. A payment equal to a pro-rata portion of the Participant's target annual cash bonus opportunity for the fiscal year in which the Participant's Qualifying Termination occurs, determined by multiplying the amount of such target annual cash bonus opportunity by a fraction, the numerator of which is the number of days during the fiscal year of the Qualifying Termination that the Participant is employed by the Company and the denominator of which is 365.

(b) Any Participant entitled to a Severance Benefit (in accordance with Section 1.2(a) above) shall receive his Severance Benefit in the form of a lump-sum payment on the 60th day following the date of his Qualifying Termination.

1.3 Additional Benefits. A Participant entitled to receive a Severance Benefit shall also receive the following additional benefits:

(a) The Company shall cause options to purchase Company stock ("Stock Options") held by a Participant that are not fully vested and exercisable on the date of the Qualifying Termination to become fully vested and exercisable as of the date of such Qualifying Termination.

(b) The Company shall cause unvested restricted shares of Company stock (the "Restricted Shares") and unvested restricted stock units (the "RSUs") held by a Participant on the date of the Qualifying Termination, that, in either case, are subject to vesting based solely on the Participant's continued service to the Company, to become fully vested (and in the case of RSUs, settled) as of the date of such Qualifying Termination.

(c) With respect to each of the then-ongoing performance-based restricted stock programs ("PBRS") and performance stock unit programs ("PSU"), and/or any successor programs to the PBRS and PSU programs, which remain subject to any performance-based conditions at the time of the Qualifying Termination, the Company shall grant to a Participant on the date of the Qualifying Termination without any further vesting conditions, the number of shares of Company stock a Participant would have been entitled to receive (i) taking into account actual performance for any performance goal with respect to which the specific performance period has ended for such performance goal as of the date of the Change in Control and (ii) deeming all other applicable performance goals achieved at the 100% target rate.

(d) With respect to each of the then-ongoing performance-based restricted unit programs ("PBRU"), and/or any successor programs to the PBRU programs, the cash amount a Participant would have been entitled to receive (i) taking into account actual performance for any performance goal with respect to which the specific performance period has ended for such performance goal as of the date of the Change in Control and (ii) deeming all other applicable performance goals achieved at 100% of target.

(e) Commencing on the date immediately following the date of the Qualifying Termination, the Company shall maintain in full force and effect (or otherwise provide) with respect to a Participant (and, to the extent applicable, his or her covered dependents), and shall permit them to participate in, Benefit Plans upon the same terms and conditions and otherwise to the same extent as such Benefit Plans are maintained for and made available to similarly situated active employees of the Company from time to time, as determined in good faith by the Plan Administrator until the earlier of (i) the date that such Participant becomes eligible for participation in the respective medical, dental, vision and basic life insurance benefits plans of a subsequent employer and (ii) eighteen (18) months (or in the case of the Company's Chief Executive Officer, twenty-four (24) months) from the date of the Qualifying Termination (the "Benefit Plans Continuation Period"), in all events provided that such Participant's continued participation is permissible under applicable law and the terms and provisions of such Benefit Plans, and provided that if the provision of continued benefits on terms applicable to active employees results, or would reasonably be expected to result, in adverse tax or other consequences to the Company, as determined in good faith by the Plan Administrator, then the Company shall permit continued participation by such Participant at the Participant's expense, and the Company shall provide monthly reimbursements to the Participant during the Benefit Plans Continuation Period for the same portion of the

monthly cost of such continued participation that the Company subsidizes for similarly situated active employees, if permissible under applicable law. In all events, the Company and the Participant shall share the costs of the continuation of such Benefit Plan participation in the same proportion as such costs are then shared by similarly situated active employees of the Company, as determined in good faith by the Plan Administrator. Notwithstanding the foregoing, if (i) no such Benefit Plans are maintained for similarly situated active employees of the Company, or (ii) the Plan Administrator determines in its sole discretion that participation in any Benefit Plan after a Participant's Qualifying Termination is prohibited by applicable law or the terms and provisions of such Benefit Plan or would subject the Company to an unreasonable additional cost, the Company shall pay such Participant a monthly cash amount during the Benefit Plans Continuation Period equal to the Company's proportion of the monthly cost to provide the same benefits to similarly situated active employees of the Company as of the date immediately prior to the date of the Qualifying Termination, as such costs were then shared between the Company and active employees, as determined in good faith by the Plan Administrator. The coverage period for purposes of the group health continuation requirements of Section 4980B of the Code shall commence on the date of the Qualifying Termination, and shall run concurrently with the Benefit Plans Continuation Period.

1.4 Reduction of Payments. If a Participant's receipt of any payment and/or non-monetary benefit under this Plan (including, without limitation, the accelerated vesting of Stock Options, Restricted Shares, and/or awards under the PBRS, PBRU, and/or PSU programs, and any successor programs) (collectively, the "Payments") would, in the determination of a nationally recognized accounting firm retained by the Company (the "Accounting Firm"), cause him to become subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall reduce his Payments in the manner and in the amounts determined by the Accounting Firm to be necessary to avoid the application of such excise tax (the "Reduced Amount"); *provided*, that the foregoing shall not apply if the Accounting Firm determines that, if such Payments were not so reduced, the net amount of Payments that the Participant would receive after payment of such excise tax would be greater than the Reduced Amount. Any determinations by the Accounting Firm pursuant to this Section 1.4 shall be binding upon the Company and the Participant.

1.5 Rights of Participants. Nothing contained herein shall be held or construed to create any liability or obligation on the Company to retain any Participant in its service or in a corporate officer position. All Participants shall remain subject to discharge or discipline to the same extent as if the Plan did not exist.

1.6 Release of Claims. All payments and benefits hereunder shall be conditioned upon the Participant executing and delivering to the Company within 45 days following his Qualifying Termination, and not revoking during any applicable revocation period, a general release of all claims against the Company and its subsidiaries, affiliates, and related persons in a form provided by the Company which is substantially similar to the Company's then-current form of release. If a Participant fails to timely execute such release or timely revokes his acceptance of such release, the Participant shall not be entitled to any severance payments or benefits hereunder.

ARTICLE II: FUNDING

2.1. Funding. The Plan shall be funded out of the general assets of the Company as and when benefits are payable under the Plan. All Participants shall be solely general creditors of the Company.

ARTICLE III: RESTRICTIVE COVENANTS

3.1 Restrictive Covenants. As additional consideration for the Severance Benefit (and additional benefits) provided under this Plan, the Participant hereby agrees to and/or reaffirms the restrictive covenants contained in the Company's Restrictive Covenant Agreement entered into between the Participant and the Company prior to the date hereof or effective upon the Participant becoming subject to the Plan.

ARTICLE IV: ADMINISTRATION OF THE PLAN

4.1 Plan Administrator. The general administration of the Plan shall be placed with the Compensation Committee of the Board or an administrative committee appointed by the Board (the "Committee").

4.2 Reimbursement of Expenses of Committee. The Company shall pay or reimburse the members of the Committee for all reasonable expenses incurred in connection with their duties hereunder.

4.3 Action by the Plan Committee. Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. No member of the Committee may act with respect to a matter which involves only that member. It is intended that the Committee shall enforce the Plan in accordance with its terms and shall not have administrative discretion to vary the terms of the Plan or a Participant's rights under the Plan.

4.4 Retention of Professional Assistance. The Committee may employ such legal counsel, accountants and other persons as may be required in carrying out its work in connection with the Plan, and the Company shall pay the fees and expenses of such persons.

4.5 Accounts and Records. The Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan, and such other data as may be required to carry out its functions under the Plan and to comply with all applicable laws.

4.6 Compliance with Applicable Law. The Company shall be deemed the administrator of the Plan for the purposes of any applicable law and shall be responsible for the preparation and filing of any required returns, reports, statements or other filings with appropriate governmental agencies. The Company shall also be responsible for the preparation and delivery of information to persons entitled to such information under any applicable law.

4.7 Reimbursement of Expenses. If any contest or dispute shall arise under this Plan involving termination of a Participant's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall, immediately after the date a court issues a final order from which no appeal can be taken, or with respect to which the time period to appeal has expired, reimburse such Participant for all reasonable legal fees and expenses, if any, paid by the Participant in connection with such contest or dispute (together with interest in an amount equal to

the JP Morgan Chase & Co. prime rate from time to time in effect, such interest to begin to accrue on the dates Participant actually paid such fees and expenses through the date of payment thereof); provided, however, the Participant shall not be entitled to any reimbursement for his legal fees and expenses if a court has made a final determination that the Participant's position was without merit.

ARTICLE V: AMENDMENT AND TERMINATION

5.1 Amendment and Termination. The Company reserves the right to amend or terminate, in whole or in part, any or all of the provisions of this Plan by action of the Board at any time; provided, that, during the two-year period following a Change in Control, the Company shall no longer have the power to amend or terminate the Plan in any manner adverse to Participants, except for amendments to comply with changes in applicable law which do not reduce the benefits and payments due hereunder in the event of a Qualifying Termination; provided, further, that, in no event shall any amendment reducing the benefits provided hereunder or any Plan termination be effective until at least six months after the date of the applicable action by the Board, and in no event shall become effective if a Change in Control occurs during such six month period.

ARTICLE VI: SUCCESSORS

6.1 Successors. The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In such event, the term "Company," as used in this Plan, shall mean the Company, as applicable, as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by the terms and provisions of this Plan.

ARTICLE VII: MISCELLANEOUS

7.1 No Duty to Mitigate/Set-off. No Participant entitled to receive a Severance Benefit shall be required to seek other employment or to attempt in any way to reduce any amounts payable to him pursuant to this Plan. The Severance Benefit payable hereunder shall not be reduced by any compensation earned by the Participant as a result of employment by another employer or otherwise. The Company's obligations to pay the Severance Benefits and to perform its obligations hereunder shall not be affected by any circumstances including without limitation, any set off, counterclaim, recoupment, defense or other right which the Company may have against the Participant.

7.2 Headings. The headings of the Plan are inserted for convenience of reference only and shall have no effect upon the meaning of the provisions hereof.

7.3 Use of Words. Whenever used in this instrument, a masculine pronoun shall be deemed to include the masculine and feminine gender, and a singular word shall be deemed to include the singular and plural, in all cases where the context so requires.

7.4 Controlling Law. The construction and administration of the Plan shall be governed the laws of the State of New York (without reference to rules relating to conflicts of law).

7.5 Withholding. The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it reasonably believes it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to this Plan.

7.6 Severability. Should any provision of the Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of the Plan unless such determination shall render impossible or impracticable the functioning of the Plan, and in such case, an appropriate provision or provisions shall be adopted so that the Plan may continue to function properly.

7.7 Rights Under Other Plans, Policies, Practices and Agreements.

a. Other than as expressly provided herein, the Plan does not supersede any other plans, policies, and/or practices of the Company.

b. The Plan supersedes any other change in control severance plans, policies and/or practices of the Company as to the Participants.

7.8 Insurance. The Company shall continue to cover the Participants, or cause the Participants to be covered, under any director and officer insurance maintained after a Change in Control for directors and officers of the Company or its successor (whether by the Company or another entity) at no less of a level as that maintained by the Company or its successor for its directors and officers. Such coverage shall continue for any period during which the Participant may have any liability for his actions or omissions. Following a Change in Control and in addition to any rights under any other indemnification agreement, the Company or its successor shall indemnify the Participant to the fullest extent permitted by law against any claims, suits, judgments, expenses arising from, out of, or in connection with the Participant's services as an officer or director of the Company, or as a fiduciary of any benefit plan of the Company.

7.9 Code Section 409A.

a. The Company intends that the Plan and all benefits provided thereunder either comply with, or be exempt from, Section 409A of the Code and the regulations and guidance promulgated thereunder ("Section 409A"), and to the maximum extent permitted, the Plan shall be interpreted in accordance with such intent. Nothing contained herein shall constitute any representation or warranty by the Company regarding compliance with Section 409A.

b. Notwithstanding any contrary provision in the Plan or otherwise, any payments of "nonqualified deferred compensation" (within the meaning of Section 409A) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A), to the extent necessary to comply with Section 409A, shall be delayed for the first 6 months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid on the day that immediately follows the end of such 6 month period. Any remaining payments of nonqualified deferred compensation shall be paid without delay and at the time or times such payments are otherwise scheduled to be made.

c. To the extent necessary to comply with Section 409A, a termination of service shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment or provision of any amounts or benefits that

are considered nonqualified deferred compensation under Section 409A upon or following a termination of service unless such termination is also a "separation from service" within the meaning of Section 409A and the payment thereof prior to a "separation from service" would violate Section 409A. For purposes of any such provision of the Plan or any Severance Agreement relating to any such payments or benefits, references to a "termination," "termination of employment," "termination of service" or like terms shall mean "separation from service."

7.10 Effectiveness of Plan. This Plan is effective as of September 9, 2015.

ARTICLE VIII: DEFINITIONS

8.1 "Benefit Plans" shall mean: the medical, dental, vision and basic life insurance plans, programs, and arrangements offered by the Company, as such plans, programs and arrangements may be in effect from time to time.

8.2 "Cause" shall mean: (A) gross negligence or willful misconduct by a Participant which is materially injurious to the Company, monetarily or otherwise; (B) misappropriation or fraud with regard to the Company or its assets; (C) conviction of, or the pleading of guilty or nolo contendere to, a felony involving the assets or business of the Company; or (D) willful and continued failure to substantially perform his duties after written notice by the Board. For purpose of the preceding sentence, no act or failure to act by a Participant shall be considered "willful" unless done or omitted to be done by such Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or based upon the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company.

8.3 "Change in Control" shall mean the consummation of any of the following: (A) any "Person" (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding the Company, any subsidiary of the Company, or any employee benefit plan sponsored or maintained by the Company (including any trustee of any such plan acting in his capacity as trustee), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of securities of the Company representing 35% or more of the total combined voting power of the Company's then outstanding securities; (B) the merger, consolidation or other business combination of the Company (a "Transaction"), other than a Transaction immediately following which the stockholders of the Company immediately prior to the Transaction continue to be the beneficial owners of securities of the resulting entity representing more than 65% of the voting power in the resulting entity, in substantially the same proportions as their ownership of Company voting securities immediately prior to the Transaction; (C) the sale of all or substantially all of the Company's assets, other than a sale immediately following which the stockholders of the Company immediately prior to the sale are the beneficial owners of securities of the purchasing entity representing more than 65% of the voting power in the purchasing entity, in substantially the same proportions as their ownership of Company voting securities immediately prior to the Transaction; or (D) the first day on which the majority of the members of the Board cease to be Continuing Directors.

8.4 "Continuing Directors" shall mean as of any date of determination, any member of the Board who: (A) was a member of such Board as of August 9, 2016? or (B) was nominated for election or elected to such Board with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

8.5 "Current Total Annual Compensation" shall be the sum of the following amounts: (A) the greater of a Participant's highest rate of annual salary during the fiscal year in which his employment terminates or such Participant's highest rate of annual

salary during the fiscal year immediately prior to the year of such termination; and (B) 100% of the Participant's target annual cash bonus opportunity for the fiscal year in which the Participant's Qualifying Termination occurs.

8.6 "Good Reason" shall mean the occurrence of any of the following events after a Change in Control without the Participant's express written consent: (A) material diminution in the Participant's position, duties, responsibilities or authority as of the date immediately prior to the Change in Control; or (B) a reduction in a Participant's base compensation or a failure to provide incentive compensation opportunities at least as favorable in the aggregate as those provided immediately prior to the Change in Control; or (C) failure to provide employee benefits at least as favorable in the aggregate as those provided immediately prior to the Change in Control; or (D) a failure of any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) of the Company to assume in writing the obligations hereunder. A termination for Good Reason shall mean a termination by a Participant effected by written notice given by the Participant to the Company within 30 days after the occurrence of the Good Reason event, unless the Company shall, within 15 days after receiving such notice, take such action as is necessary to fully remedy such Good Reason event in which case the Good Reason event shall be deemed to have not occurred.

* * *

Exhibit A

Form of Participation Letter

[Participant Name]

[Address]

Dear [_____]:

This letter is to confirm that, effective as of the date hereof, you are a covered "Participant" in the CDK Global, Inc. (the "Company") Third Amended and Restated Change in Control Severance Plan for Corporate Officers (the "Plan"). Your continued participation and eligibility for benefits under the Plan shall be determined in accordance with the terms and conditions of the Plan. In consideration for the payments and benefits under the Plan, you hereby agree and/or reaffirm that you are subject to the Company's Restrictive Covenant Agreement.

Nothing contained in the Plan or this letter shall be held or construed to create any liability upon the Company to retain you in its service. The Company reserves the right to amend, modify or terminate the Plan as permitted under the terms of the Plan.

Please countersign this letter and return it to _____ by no later than _____.

Sincerely,

[Name]

[Title]

Acknowledged and Agreed:

[Name of Participant] Date

Exhibit 12.1

CDK Global, Inc.
Computation of Ratio of Earnings to Fixed Charges
(dollars in millions)

	Years Ended June 30,				
	2017	2016	2015	2014	2013
Earnings before income taxes	$ 435.3	$ 369.1	$ 299.9	$ 353.3	$ 320.7
Less: (income) loss from equity investees	(5.9)	(4.7)	(3.1)	(0.6)	0.6
Add: fixed charges	72.4	56.5	43.7	12.3	10.0
Earnings before income taxes and fixed charges	**$ 501.8**	**$ 420.9**	**$ 340.5**	**$ 365.0**	**$ 331.3**
Interest expense	$ 57.2	$ 40.2	$ 28.8	$ 1.0	$ 0.9
Interest component of rental expense[(1)]	15.2	16.3	14.9	11.3	9.1
Fixed charges	**$ 72.4**	**$ 56.5**	**$ 43.7**	**$ 12.3**	**$ 10.0**
Ratio of earnings to fixed charges	6.93	7.45	7.79	29.67	33.13

(1) The interest component of rental expense is estimated to be one-third of rental expense.

Exhibit 21.1

Name of Subsidiary	Jurisdiction of Incorporation
CDK Global, LLC	Delaware
CDK Global (Canada) Holding Co.	Nova Scotia
CDK Global (Canada) Limited	Canada
CDK Global (Luxembourg) 1 S.à.r.l	Luxembourg
CDK Global (Luxembourg) 2 S.à.r.l	Luxembourg
CDK Global (UK) Limited	United Kingdom
CDK Global Group BV	Netherlands
CDK Global Holdings, Inc.	Delaware
CDK Global Holdings II, LLC	Delaware
CDK Global Holdings (UK) Limited	United Kingdom
IP Networked Services, Inc.	Delaware
CDK Data Services, Inc. (f/k/a Digital Motorworks, Inc.)	Texas
CDK Global (UK) LP	United Kingdom
CDK Global International Holdings, Inc.	Delaware
CDK Global UK GP Holdings, LLC	Delaware
CDK Vehicle Registration, Inc.	California
Computerized Vehicle Registration, Inc.	California

In accordance with Item 601(b)(21) of Regulation S-K, the Company has omitted the names of particular subsidiaries because the unnamed subsidiaries would not have constituted a significant subsidiary as of June 30, 2017.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-199078 on Form S-8 of our reports dated August 8, 2017, relating to the consolidated and combined financial statements and financial statement schedule of CDK Global, Inc. (which expresses an unqualified opinion and includes an explanatory paragraph related to the inclusion of expense allocations for certain corporate functions historically provided by Automatic Data Processing, Inc.) and the effectiveness of CDK Global, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of CDK Global, Inc. for the year ended June 30, 2017.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

August 8, 2017

EXHIBIT 31.1

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Brian P. MacDonald, certify that:

1. I have reviewed this Annual Report on Form 10-K of CDK Global, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Brian P. MacDonald
Brian P. MacDonald
President, Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Lee J. Brunz, certify that:

1. I have reviewed this Annual Report on Form 10-K of CDK Global, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Lee J. Brunz
Lee J. Brunz
Executive Vice President, Interim Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CDK Global, Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian P. MacDonald, President, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2017

/s/ Brian P. MacDonald
Brian P. MacDonald
President, Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CDK Global, Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lee J. Brunz, Executive Vice President, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2017

/s/ Lee J. Brunz
Lee J. Brunz
Executive Vice President, Interim Chief Financial Officer