

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period 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: 001-36373



TRINET GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

**(State or other jurisdiction of
incorporation or organization)**

1100 San Leandro Blvd., Suite 400, San Leandro, CA

(Address of principal executive offices)

95-3359658

**(I.R.S. Employer
Identification No.)**

94577

(Zip Code)

Registrant's telephone number, including area code: (510) 352-5000

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 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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☐

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

The number of shares of Registrant's Common Stock outstanding as of July 24, 2017 was 69,385,775 .

TRINET GROUP, INC.
Form 10-Q - Quarterly Report
For the Quarterly Period Ended June 30, 2017

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Cautionary Note Regarding Forward-Looking Statements and Other Financial Information

For purposes of this report the terms “TriNet,” “the Company,” “we,” “us” and “our” refer to TriNet Group, Inc., and its consolidated subsidiaries. This report contains statements that are not historical in nature, are predictive in nature, or that depend upon or refer to future events or conditions or otherwise contain forward-looking statements within the meaning of Section 21 of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance, but are based on management’s expectations as of the date of this report and assumptions that are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from our current expectations and any past results, performance or achievements. Important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, those discussed in our Form 10-K for the year ended December 31, 2016 (2016 Form 10-K) and our Form 10-Q for the quarter ended March 31, 2017. The information provided in this Form 10-Q is based upon the facts and circumstances known at this time, and any forward-looking statements made by us in this Form 10-Q speak only as of the date on which they are made. All information provided in this report is as of the date of this report and we undertake no duty to update this information except as required by law.

Our Management’s Discussion & Analysis of Financial Condition and Results of Operations (MD&A) includes references to our performance measures presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and other non-GAAP financial measures that we use to manage our business, make planning decisions, allocate resources and as performance measures in our executive compensation plan. Refer to the Non-GAAP Financial Measures in our Key Financial and Operating Metrics section within our MD&A for definitions and reconciliations from GAAP measures.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Overview

We are a leading provider of human resources (HR) solutions for small to midsize businesses (SMBs). Under our co-employment model, we assume many of the complex and burdensome responsibilities of being an employer, helping our clients minimize employer-related risks and manage administrative and compliance responsibilities associated with employment.

We deliver a comprehensive suite of products and services which allow our clients and their worksite employees (WSEs) to administer and manage HR-related functions, including compensation and benefits, payroll and other transactional HR needs, employee data, and health insurance and workers' compensation programs, using our technology platform and HR expertise.

We operate in one reportable segment. Less than 1% of revenue is generated outside of the U.S.



Technology Platform

Our technology platform provides our clients and WSEs online and mobile tools to store, view and manage core HR information and administer a variety of HR transactions, such as payroll processing, tax administration, employee onboarding and termination, compensation reporting, expense management, and benefits enrollment and administration.



HR Expertise

We use the collective insights and experience of our teams of HR, benefits, risk management and compliance professionals to help clients mitigate many of the administrative, regulatory and practical risks associated with their responsibilities as employers. Our teams provide HR expertises in talent management, recruiting and training, performance management, employee onboarding and terminations, benefits enrollment and support, claims administration and employment practices risk management. In addition, we have the ability to provide benchmarking data and relevant HR form and document templates to our clients to help them run their business. Under our vertical strategy, we tailor our product and service offerings to specific industries by identifying common needs and leveraging scale and shared experience to provide more efficient and relevant offerings.



Benefits

We offer our WSEs access to a broad range of TriNet-sponsored benefit and insurance programs that many of our clients may be unable to obtain for their WSEs on their own and that are compliant with state, local, and federal regulations. Our benefit and insurance service offerings include plan design and administration, enrollment management, and WSE and client communications relating to our sponsored benefits and insurance programs.

We pay premiums to third-party insurance carriers for WSE insurance benefits and reimburse the insurance carriers and third-party administrators for claims payments made on our behalf within our insurance deductible layer, where applicable.



Compliance

Our products and services are designed to help our clients comply with local, state and federal employment and benefit laws. We monitor employer-related developments and assist clients in complying with changing regulations and requirements at all levels, from changes in local minimum wage and family leave ordinances to sweeping reforms such as the Patient Protection and Affordable Care Act (ACA). Often these changes are staggered and require additional guidance from a variety of local, state or federal agencies, making compliance a continuous challenge. Each component of our HR solutions is designed with compliance in mind, whether it is payroll processing and tax administration, HR services focused on creating a compliant workplace, or offering ACA-compliant benefit plans.

Significant Developments in 2017

Our consolidated results for the first six months of 2017 reflect our continued progress with vertical product offerings combined with slower growth in insurance costs as a result of favorable experience in our health programs and cost management with our insurance providers.

We also experienced modest Average WSE growth as compared to the first six months of 2016 as we continued our migration from legacy platforms to our common TriNet platform. Furthermore, we moderated our new customer growth as we prepared for the launch of TriNet Main Street, our new industry vertical product.

Our other operating expenses reflect our continued focus on developing new vertical products and platform integrations, and additional costs associated with our internal control remediation efforts.

We began 2017 with significant operational initiatives to improve our products and platform for our clients. During the first half of 2017, we provided our users with improved online and mobile productivity tools and upgraded our architecture allowing our platform to integrate more effectively with third party products. In July 2017, we launched TriNet Main Street, our solution for a variety of "main street" industries, including hospitality, retail and manufacturing businesses, and we are currently onboarding new clients for this product.

Performance Highlights

Q2 2017

During the second quarter of 2017, we:

- served over 14,000 clients, co-employed *Average WSEs* of 324,000, consistent when compared to the same period in 2016, and
- processed approximately \$8.0 billion in payroll and payroll tax payments for our clients, an increase of *2%* over the same period in 2016.

Our financial performance for the second quarter of 2017, compared to the same period in 2016, included:

- *Total revenues* increased *7%* to \$800.5 million, due to increased insurance service revenues from higher health coverage participation by our WSEs combined with insurance services price increases, while *Net Service Revenues* increased *35%* to \$201.0 million primarily due to the insurance service revenues increases noted above.
- *Operating income* increased *116%* to \$56.8 million primarily due to improvement in our insurance service revenues, partially offset by an increase in other operating expenses incurred to support our growth.
- *Net income* increased *225%* to \$40.0 million, or \$0.56 per diluted share, *Adjusted Net Income* increased *88%* to \$36.7 million and *Adjusted EBITDA* increased *70%* to \$72.4 million primarily due to increased operating income as described above.

YTD 2017

During the first half of 2017, we:

- co-employed *Average WSEs* of 326,000, a *2%* increase over the same period in 2016,
- processed approximately \$17.8 billion in payroll and payroll tax payments for our clients, an increase of *3%* over the same period in 2016, and
- increased *Cash and cash equivalents* \$49.9 million, or *27%*, to \$233.9 million.

Our financial performance for the first half of 2017, compared to the same period in 2016, included:

- *Total revenues* increased *9%* to \$1.6 billion, while *Net Service Revenues* increased *28%* to \$400.0 million primarily due to higher health coverage participation by our WSEs and insurance services price increases as well as a *2%* increase in *Average WSEs*. *Net Service Revenues* also benefited from slower growth in insurance costs as compared to growth in insurance service revenues primarily due to reductions in related premium and claim costs.
- *Operating income* increased *103%* to \$106.3 million primarily due to increases in insurance service revenues and moderated growth in insurance costs described above, partially offset by an increase in other operating expenses to support our growth.

- *Net income* increased *188%* to \$68.7 million , or \$0.97 per diluted share, *Adjusted Net Income* increased *75%* to \$68.3 million and *Adjusted EBITDA* increased *60%* to \$135.7 million primarily due to increased operating income.
- *Cash provided by operating activities* increased *138%* to \$104.1 million as a result of increased operating income, reductions in payment of our workers' compensation collateral held by insurance carriers and reduction in cash taxes paid.

Key Financial and Operating Metrics

The following key financial and operating metrics should be read in conjunction with our condensed consolidated financial statements and related notes included in this Form 10-Q.

(in thousands, except per share and operating metrics data)	Three Months Ended June 30,		Six Months Ended June 30,		Percent Change	
	2017	2016	2017	2016	Q2 2017 vs. 2016	YTD 2017 vs. 2016
Income Statement Data:						
Total revenues	\$ 800,541	\$ 745,846	\$ 1,608,151	\$ 1,478,785	7 %	9 %
Operating income	56,835	26,367	106,322	52,269	116	103
Net income	39,951	12,282	68,688	23,859	225	188
Diluted net income per share of common stock	0.56	0.17	0.97	0.33	229	194
Non-GAAP measures ⁽¹⁾ :						
Net Service Revenues ⁽¹⁾	201,006	149,173	399,974	312,423	35	28
Net Insurance Service Revenues ⁽¹⁾	92,364	39,580	171,211	90,427	133	89
Adjusted EBITDA ⁽¹⁾	72,372	42,602	135,715	84,755	70	60
Adjusted Net Income ⁽¹⁾	36,691	19,466	68,268	38,999	88	75
Operating Metrics:						
Total WSEs payroll and payroll taxes processed (in millions) \$	7,958	\$ 7,811	\$ 17,774	\$ 17,213	2 %	3 %
Average WSEs	324,194	322,881	325,999	321,152	—	2

(1) Refer to Non-GAAP Financial Measures section below for definitions and reconciliations from GAAP measures.

	Six Months Ended June 30,		Percent
(in thousands, except operating metrics data)	2017	2016	Change
Operating Metrics:			
Total WSEs at period end	329,095	325,466	1 %
Cash Flow Data:			
Net cash provided by operating activities	\$ 104,113	\$ 43,667	138
Net cash used in investing activities	(9,256)	(6,975)	33
Net cash used in financing activities	(45,141)	(36,230)	25

(in thousands)	June 30, 2017	December 31, 2016	Percent Change
Balance Sheet Data:			
Cash and cash equivalents	\$ 233,883	\$ 184,004	27 %
Working capital	168,681	156,771	8
Total assets	1,758,695	2,095,143	(16)
Notes and capital leases payable	440,805	459,054	(4)
Total liabilities	1,667,182	2,060,553	(19)
Total stockholders' equity	91,513	34,590	165

Non-GAAP Financial Measures

In addition to financial measures presented in accordance with GAAP, we monitor other non-GAAP financial measures that we use to manage our business, make planning decisions, allocate resources and as performance measures in our executive compensation plan. These key financial measures provide an additional view of our operational performance over the long term and provide useful information that we use in order to maintain and grow our business.

The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Non-GAAP Measure	Definition	How We Use The Measure
<i>Net Service Revenues</i>	<ul style="list-style-type: none"> Sum of professional service revenues and Net Insurance Service Revenues, or total revenues less insurance costs. 	<ul style="list-style-type: none"> Provides a comparable basis of revenues on a net basis. Professional service revenues are represented net of client payroll costs whereas insurance service revenues are presented gross of insurance costs for financial reporting purposes. Acts as the basis to allocate resources to different functions and evaluates the effectiveness of our business strategies by each business function. Provides a measure, among others, used in the determination of incentive compensation for management.
<i>Net Insurance Service Revenues</i>	<ul style="list-style-type: none"> Insurance revenues less insurance costs. 	<ul style="list-style-type: none"> Is a component of Net Service Revenues. Provides a comparable basis of revenues on a net basis. Professional service revenues are represented net of client payroll costs whereas insurance service revenues are presented gross of insurance costs for financial reporting purposes. Promotes an understanding of our insurance services business by evaluating insurance service revenues net of our WSE related costs which are substantially pass-through for the benefit of our WSEs. Under GAAP, insurance service revenues and costs are recorded gross as we have latitude in establishing the price, service and supplier specifications.
<i>Adjusted EBITDA</i>	<ul style="list-style-type: none"> Net income, excluding the effects of: <ul style="list-style-type: none"> income tax provision, interest expense, depreciation, amortization of intangible assets, and stock-based compensation expense. 	<ul style="list-style-type: none"> Provides period-to-period comparisons on a consistent basis and an understanding as to how our management evaluates the effectiveness of our business strategies by excluding certain non-cash charges such as depreciation and amortization, and stock-based compensation recognized based on the estimated fair values. We believe these charges are not directly resulting from our core operations or indicative of our ongoing operations. Enhances comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects. Provides a measure, among others, used in the determination of incentive compensation for management.
<i>Adjusted Net Income</i>	<ul style="list-style-type: none"> Net income, excluding the effects of: <ul style="list-style-type: none"> effective income tax rate ⁽¹⁾, stock-based compensation, amortization of intangible assets, non-cash interest expense ⁽²⁾, and the income tax effect (at our effective tax rate ⁽¹⁾) of these pre-tax adjustments. 	<ul style="list-style-type: none"> Provides information to our stockholders and board of directors to understand how our management evaluates our business, to monitor and evaluate our operating results, and analyze profitability of our ongoing operations and trends on a consistent basis by excluding certain non-cash charges.

(1) We have adjusted the non-GAAP effective tax rate to 40.5% for 2017 from 42.5% for 2016 due to a decrease in state income taxes from an increase in excludable

income for state income tax purposes. These non-GAAP effective tax rates exclude the income tax impact from stock-based compensation and changes in uncertain tax positions.

- (2) Non-cash interest expense represents amortization and write-off of our debt issuance costs.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of Total revenues to Net Service Revenues:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Total revenues	\$ 800,541	\$ 745,846	\$ 1,608,151	\$ 1,478,785
Less: Insurance costs	599,535	596,673	1,208,177	1,166,362
Net Service Revenues	\$ 201,006	\$ 149,173	\$ 399,974	\$ 312,423

The table below presents a reconciliation of Insurance service revenues to Net Insurance Service Revenues:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Insurance service revenues	\$ 691,899	\$ 636,253	\$ 1,379,388	\$ 1,256,789
Less: Insurance costs	599,535	596,673	1,208,177	1,166,362
Net Insurance Service Revenues	\$ 92,364	\$ 39,580	\$ 171,211	\$ 90,427

The table below presents a reconciliation of Net income to Adjusted EBITDA:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 39,951	\$ 12,282	\$ 68,688	\$ 23,859
Provision for income taxes	12,298	9,210	28,451	18,451
Stock-based compensation	7,499	6,508	13,706	13,905
Interest expense and bank fees	4,857	5,038	9,605	10,080
Depreciation	6,451	4,559	12,599	8,475
Amortization of intangible assets	1,316	5,005	2,666	9,985
Adjusted EBITDA	\$ 72,372	\$ 42,602	\$ 135,715	\$ 84,755

The table below presents a reconciliation of Net income to Adjusted Net Income:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 39,951	\$ 12,282	\$ 68,688	\$ 23,859
Effective income tax rate adjustment	(8,863)	76	(10,890)	469
Stock-based compensation	7,499	6,508	13,706	13,905
Amortization of intangible assets	1,316	5,005	2,666	9,985
Non-cash interest expense	602	849	1,224	1,624
Income tax impact of pre-tax adjustments	(3,814)	(5,254)	(7,126)	(10,843)
Adjusted Net Income	\$ 36,691	\$ 19,466	\$ 68,268	\$ 38,999

Results of Operations

Revenues and Income

Q2 2017 - Q2 2016 Commentary

Total revenues were \$800.5 million for the second quarter of 2017, a 7% increase compared to the same period in 2016 :

- Insurance service revenues grew 9% over the same quarter in 2016 to \$691.9 million .
- Professional service revenues decreased 1% over the same quarter in 2016 to \$108.6 million .

Net Service Revenues were \$201.0 million for the second quarter of 2017, representing a 35% increase from the same quarter in 2016. This was driven by the increase in Net Insurance Service Revenues, which grew 133% over the same period in 2016. Insurance service revenues per Average WSE increased by 8% while insurance costs per Average WSE remained flat.

Operating income was \$56.8 million, up 116% from the second quarter of 2016, primarily due to improvement in our insurance service revenues as noted above, partially offset by a 20% increase in other operating expenses to support our growth and additional costs associated with our internal control remediation efforts. Refer to the Other Operating Expenses section in this Results of Operations for further detail.

YTD 2017 - YTD 2016 Commentary

Total revenues were \$ 1.6 billion for the first half of 2017, a 9% increase compared to the same period in 2016 .

- Insurance service revenues grew 10% over the same period in 2016 to \$ 1.4 billion .
- Professional service revenues increased 3% over the same period in 2016 to \$228.8 million .

Net Service Revenues were \$400.0 million for the first half of 2017, representing a 28% increase from the same period in 2016. This was driven by the increase in Net Insurance Service Revenues which grew 89% over the same period in 2016. Insurance service revenues per Average WSE increased by 8%, while insurance costs per Average WSE increased 2% .

Operating income was \$ 106.3 million, up 103% from the first half of 2016, primarily due to improvement in our insurance services revenues as noted above, partially offset by a 15% increase in other operating expenses to support our growth and additional costs associated with our internal control remediation efforts. Refer to the Other Operating Expenses section in this Results of Operations for further detail.



Historically, Total WSE comparisons have served as an indicator of our success in growing our business and retaining clients. Average WSE growth is another volume measure we use to monitor the performance of our business.

Average WSEs was flat in the second quarter of 2017 compared to the same period in 2016 and increased 2% in the first half of 2017 compared to the same period in 2016. This 2% increase was driven by WSE growth in our established customer base, largely offset by higher attrition resulting from our disciplined approach of migrating clients to a common platform. Furthermore, we moderated our new customer growth as we prepared for the launch of our new industry vertical, TriNet Main Street.

Anticipated revenues for future periods can diverge from Total WSEs due to pricing differences across our HR solutions and services and the degree to which clients and WSEs elect to participate in our solutions. In addition to driving the growth in WSE count, we also focus on pricing strategies and product differentiation to maximize our revenue opportunities. Average monthly total revenues per WSE, as a measure to monitor the success of such pricing strategies, have increased 7% in the second quarter and first half of 2017 compared to the same periods in 2016.



Professional Service Revenues (PSR)

Professional service revenues represented 14% of total revenues in both the second quarter and first half of 2017. The slight decrease in professional service revenues during the second quarter of 2017 was primarily attributed to the timing of a payroll tax service fee adjustment.

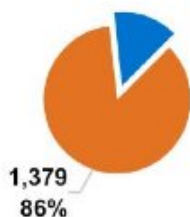
The 3% increase in PSR during the first half of 2017 was primarily attributed to the 2% growth in Average WSEs when compared to the same period in 2016.



Insurance Service Revenues (ISR)

Insurance service revenues represented 86% of total revenue in the second quarter and first half of 2017. Insurance service revenues increased 9% and 10% in the second quarter and first half of 2017 when compared to the same periods in 2016. The growth in insurance service revenues for the second quarter and first half of 2017 was equally attributable to increased participation in our health plans and an increase in health insurance service fees per plan participant.

**YTD 2017
Insurance Service Revenues %
Total Revenues
(\$millions)**



ISR change			
<u>QTD change</u>		<u>YTD change</u>	
9%		10%	
Monthly ISR per Average WSE			
<u>Q2</u>		<u>YTD</u>	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
\$711	\$657	\$705	\$652

**Insurance Service Revenues
(\$millions)**



Insurance Costs

Insurance costs remained consistent for the second quarter of 2017, when compared to the same period in 2016, with flat Average WSEs and costs per Average WSE.

Insurance costs increased 4% for the first half of 2017, compared to the same period in 2016, primarily as a result of an increase in health plan participants and a 2% increase in Average WSEs, partially offset by a reduction in monthly insurance claims and premium costs per average participant.

**YTD 2017
Insurance Costs %
Total Revenues
(\$millions)**



Insurance costs change			
<u>QTD change</u>		<u>YTD change</u>	
—%		4%	
Monthly insurance costs per Average WSE			
<u>Q2</u>		<u>YTD</u>	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
\$616	\$616	\$618	\$605

**Insurance Costs
(\$millions)**



Other Operating Expenses (OOE)

Other operating expenses includes cost of providing services (COPS), sales and marketing (S&M), general and administrative (G&A), and systems development and programming (SD&P) expenses.

We manage other operating expenses and allocate resources across different business functions based on percentage of Net Service Revenues. This ratio has decreased to 68% from 76% in the second quarter of 2017, and has decreased to 70% from 77% in the first half of 2017, when compared to the same periods in 2016. These decreases are due to our revenues increasing faster than other operating expenses.

We had approximately 2,700 corporate employees as of June 30, 2017 in 48 offices across the U.S. Our corporate employees' compensation related expenses represent a majority of our operating expenses. The percentage of compensation related expense to other operating expense has decreased to 66% from 70% in the second quarter of 2017, and has decreased to 65% from 68% in the first half of 2017, when compared to the same periods in 2016. These decreases are due to increased non-compensation related costs associated with our platform integrations and internal control remediation efforts.

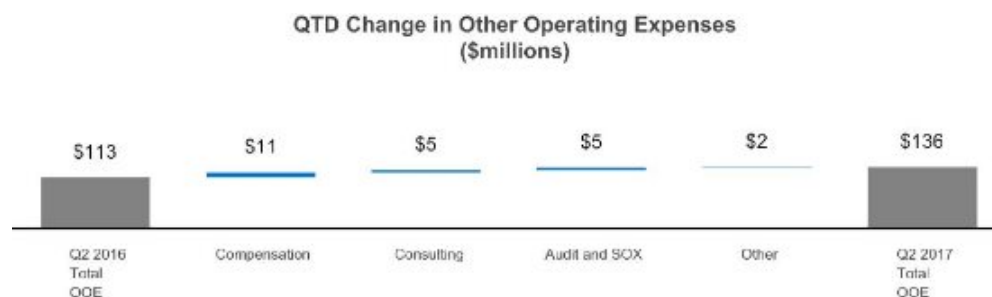
We expect our operating expenses to increase in the foreseeable future due to expected growth, our strategy to develop new vertical products and platform integrations, and additional costs associated with our internal control remediation efforts. We will continue to improve our systems, processes and internal controls to gain efficiencies. These expenses may fluctuate as a percentage of our total revenues from period-to-period depending on the timing of when expenses are incurred.



Q2 2017 - Q2 2016 Commentary

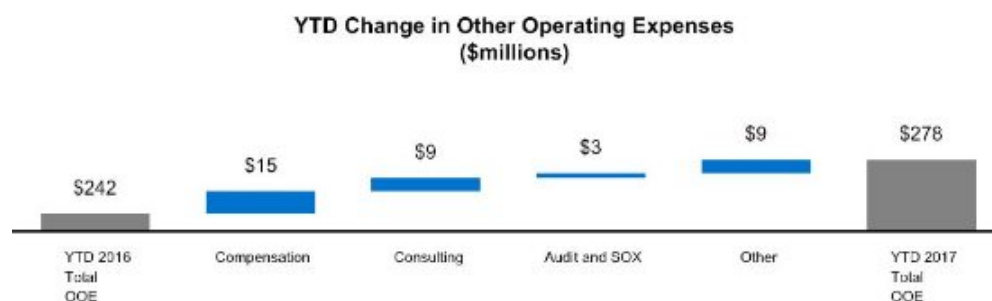
Other operating expenses increased \$23.2 million or 20% in the second quarter of 2017 compared to the same period in 2016 as part of our continued investment in supporting our infrastructure and improving our technology platform user experience for our clients. Significant drivers of our increased spending are as follows:

- Compensation costs for our corporate employees including payroll, payroll taxes, stock-based compensation, bonuses, commissions and other payroll and benefits related costs, increased \$10.6 million or 13% primarily due to increased headcount related to investments in client service and technology functions to support product delivery and platform integration.
- Consulting expenses increased \$4.8 million and included costs associated with enhancing our product offerings as well as payroll tax compliance initiatives.
- Accounting and other professional fees increased \$4.8 million in the second quarter of 2017 primarily as a result of increased professional fees to support our internal control remediation efforts.

**YTD 2017 - YTD 2016 Commentary**

Other operating expenses increased \$36.7 million , or 15% , in first half of 2017 compared to the same period in 2016 . Significant drivers of our increased spending are as follows:

- Total compensation costs increased \$15.1 million , or 9% , and consulting expenses increased \$8.8 million primarily due to the factors described above.
- Accounting and other professional fees increased \$2.6 million primarily as a result of the timing of professional fees to support our internal control remediation efforts.
- Other expenses increased \$10.2 million primarily due to additional compliance costs and external sales costs.



Amortization of Intangible Assets

Amortization of intangible assets represents costs associated with acquired companies' developed technologies, client lists, trade names and contractual agreements. Amortization expenses decreased 74% and 73% in the second quarter and first half of 2017, respectively, compared to the same periods in 2016, as a result of the revision to the expected useful life in October 2016 of certain client lists and trademarks primarily related to our previous acquisitions.

Depreciation

Depreciation expense increased 42% and 49% in the second quarter and first half of 2017, respectively, compared to the same periods in 2016, as a result of our additional investment in technology products and platforms and the associated depreciation of those assets.

Other Income (Expense)

Other income (expense) consists primarily of interest expense under our credit facility, which decreased 4% and 5% in the second quarter and first half of 2017, respectively, compared to the same periods in 2016 due to a decreasing principal balance on our outstanding debt.

Provision for Income Taxes

Our effective tax rate (ETR) was 23.5% for the second quarter of 2017, compared to an ETR of 42.9% for the same period in 2016. The 19.4% decrease in ETR is primarily due to the following:

- a decrease of 12.0%, or \$6.5 million, attributable to tax benefits recognized from the adoption of Accounting Standards Update 2016-09 - Stock Compensation (ASU 2016-09) additionally described in Note 1 of our condensed consolidated financial statements and related notes,
- a decrease of 4.3% in state income taxes from an increase in excludable income for state income tax purposes and changes in apportionment and statutory tax rates,
- a decrease of 2.3% in non-deductible expenses due to the abatement of penalties previously assessed by the Internal Revenue Service (IRS), and
- a decrease of 0.8% resulting from an increase in tax credits and decrease in non-deductible stock-based compensation.

Our ETR was 29.3% for the first half of 2017, compared to an ETR of 43.6% for the same period in 2016. The 14.3% decrease in ETR is primarily due to the following:

- a decrease of 10.1%, or \$10.1 million, attributable to tax benefits recognized from the adoption of ASU 2016-09,
- a decrease of 3.8% in state income taxes from an increase in excludable income for state income tax purposes and changes in apportionment and statutory tax rates,
- a decrease of 2.4% resulting from an increase in tax credits and decrease in both non-deductible stock-based compensation and non-deductible expenses, partially offset by a
- an increase of 2.0% due to changes in uncertain tax positions where we may not prevail in our position associated with state income tax audits.

Liquidity and Capital Resources

Liquidity

We manage our liquidity separately between assets and liabilities that are WSE related from our corporate assets and liabilities.

WSE related assets and liabilities primarily consist of current assets and current liabilities resulting from transactions directly or indirectly associated with WSEs, including payroll and related taxes and withholdings, our sponsored workers' compensation and health insurance programs, and other benefit programs. Our cash flows related to WSE payroll and benefits is generally matched by advance collection from our clients which is reported as payroll funds collected within WSE related assets.

We report our corporate cash and cash equivalents on the condensed consolidated balance sheets separately from WSE related assets. We rely on our corporate cash and cash equivalents and cash from operations to satisfy our operational and regulatory requirements and to fund capital expenditures. We believe that we have sufficient corporate liquidity and capital resources to satisfy future requirements and meet our obligations to clients, creditors and debt holders. We believe that our existing corporate cash and cash equivalents, working capital and cash provided by operating activities will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

Our liquid assets are as follows:

(in thousands)	June 30, 2017	December 31, 2016
Cash and cash equivalents	\$ 233,883	\$ 184,004
Working capital:		
Corporate working capital	163,195	151,295
WSE related assets, net of WSE related liabilities	5,486	5,476

We manage our sponsored benefit and workers' compensation insurance obligations by maintaining funds in restricted cash, cash equivalents and investments as collateral. As of June 30, 2017, we had \$155.3 million of restricted cash, cash equivalents and investments included in WSE related assets and \$150.9 million of marketable securities designated as long-term restricted cash, cash equivalents and investments on the condensed consolidated balance sheets. These collateral amounts are generally determined at the beginning of each plan year and we may be required by our insurance carriers to adjust the balance when facts and circumstances change. We regularly review our collateral balances with our insurance carriers, and anticipate funding further collateral as needed based on program development.

Capital Resources

We believe that we can meet our present and reasonably foreseeable operating cash needs and future commitments through existing liquid assets, continuing cash flows from operations, our borrowing capacity under our revolving credit facility and the potential issuance of debt or equity securities.

We maintain a \$75.0 million revolving credit facility. The total unused portion of our revolving credit facility was \$59.5 million as of June 30, 2017.

Cash Flows

We generated positive cash flows from operating activities for the first half of 2017 and 2016 . We also have borrowing capacity under our revolving credit facility and the potential to generate cash through the issuance of debt or equity securities, to meet short-term funding requirements. The following table presents our cash flow activities for the stated periods:

(in thousands)	Six Months Ended June 30,	
	2017	2016
Net cash provided by (used in):		
Operating activities	\$ 104,113	\$ 43,667
Investing activities	(9,256)	(6,975)
Financing activities	(45,141)	(36,230)
Effect of exchange rates on cash and cash equivalents	163	24
Net increase in cash and cash equivalents	\$ 49,879	\$ 486

Operating Activities

Components of net cash provided by operating activities are as follows:

(in thousands)	Six Months Ended June 30,	
	2017	2016
Net income	\$ 68,688	\$ 23,859
Depreciation and amortization	16,496	17,919
Stock-based compensation expense	13,706	13,905
Payment of interest	(8,006)	(8,091)
Income tax (payments) refunds, net	169	(21,374)
Collateral (paid to) refunded from insurance carriers, net	4,729	(14,053)
Changes in other operating assets and liabilities	8,331	31,502
Net cash provided by operating activities	\$ 104,113	\$ 43,667

The period-to-period fluctuation in cash provided by operating activities is primarily driven by the 188% increase in our net income, changes in other operating assets and liabilities, which are primarily driven by timing of payments related to WSE related assets and liabilities and our accrued expenses related to corporate employee compensation related payables, reductions to our taxes paid, and decreases in collateral payments made to our insurance carriers.

Investing Activities

Net cash used in investing activities in the first half of 2017 and 2016 primarily consisted of cash paid for capital expenditures, offset partially by proceeds from the maturity of investments.

(in thousands)	Six Months Ended June 30,	
	2017	2016
Capital expenditures:		
Software and hardware	\$ 13,279	\$ 12,870
Office furniture, equipment and leasehold improvements	7,446	3,844
Cash used in capital expenditures	\$ 20,725	\$ 16,714
Investments:		
Purchases of restricted investments	\$ —	\$ (14,959)
Proceeds from maturity of restricted investments	11,469	24,998
Cash provided by investments	\$ 11,469	\$ 10,039

Capital expenditures increased in the first half of 2017 compared to the same period in 2016 , primarily due to the build out of our technology and client service centers. We also increased our investments in software and hardware to introduce new products, enhance existing products and platforms, as well as complete platform integrations. We expect capital investments in our software and hardware to continue in the future.

We invest cash held as collateral to satisfy our long-term obligation towards the workers' compensation liabilities in U.S. long-term treasuries and mutual funds. We review the amount of investment and the anticipated holding period regularly, in conjunction with our estimated long-term workers' compensation liabilities and anticipated claims payment trend.

Financing Activities

Net cash used in financing activities in the first half of 2017 and 2016 consisted primarily of repurchases of our common stock and repayment of debt.

The board of directors from time to time authorizes stock repurchases of our outstanding common stock primarily to offset dilution from the issuance of stock under our equity-based incentive plan and employee stock purchase plan. During the first half of 2017 , we repurchased 1.1 million shares of common stock for \$29.5 million . As of June 30, 2017 , approximately \$30.5 million remained available for repurchase. Our debt repayments were also \$3.7 million lower in the first half of 2017 compared to the same periods in 2016 .

Critical Accounting Policies, Estimates and Judgments

There have been no material changes to our critical accounting policies as discussed in our 2016 Form 10-K.

Recent Accounting Pronouncements

Refer to Note 1 in the condensed consolidated financial statements and related notes included in this Form 10-Q.

Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our exposure to market risks from that discussed in Item 7A of our 2016 Form 10-K.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have, with the participation of our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of June 30, 2017, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective as a result of the material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Notwithstanding the material weaknesses in our internal control over financial reporting, we have concluded that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America. Additionally, the material weaknesses did not result in any restatements of our condensed consolidated financial statements or disclosures for any prior period.

Additional Analyses and Procedures and Remediation Plan

We are taking specific steps to remediate the material weaknesses identified by management and described in greater detail in our 2016 Form 10-K. Although we intend to complete the remediation process with respect to these material weaknesses as quickly as possible, we cannot at this time estimate how long it will take, and our remediation plan may not prove to be successful.

Because the reliability of the internal control process requires repeatable execution, the successful remediation of these material weaknesses will require review and evidence of effectiveness prior to concluding that the controls are effective and there is no assurance that additional remediation steps will not be necessary. As such, as we continue to evaluate and work to improve our internal control over financial reporting, our management may decide to take additional measures to address the material weaknesses or modify the remediation steps already underway. As noted above, although we plan to complete the remediation process as quickly as possible, we cannot at this time estimate how long it will take, and our initiatives may not prove to be successful. Accordingly, until these weaknesses are remediated, we plan to perform additional analyses and other procedures to ensure that our condensed consolidated financial statements are prepared in accordance with GAAP.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts underway, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2017	December 31, 2016
(in thousands, except share and per share data)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 233,883	\$ 184,004
Restricted cash and cash equivalents	14,589	14,569
Prepaid income taxes	14,716	42,381
Prepaid expenses	13,013	10,784
Other current assets	2,172	2,145
Worksite employee related assets	898,596	1,281,471
Total current assets	1,176,969	1,535,354
Workers' compensation collateral receivable	27,063	31,883
Restricted cash, cash equivalents and investments	150,939	130,501
Property and equipment, net	66,827	58,622
Goodwill	289,207	289,207
Other intangible assets, net	28,408	31,074
Other assets	19,282	18,502
Total assets	\$ 1,758,695	\$ 2,095,143
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 26,599	\$ 22,541
Accrued corporate wages	38,196	30,937
Notes and capital leases payable, net	36,648	36,559
Other current liabilities	13,735	12,551
Worksite employee related liabilities	893,110	1,275,995
Total current liabilities	1,008,288	1,378,583
Notes and capital leases payable, net, noncurrent	404,157	422,495
Workers' compensation loss reserves (net of collateral paid of \$22,911 and \$22,377 at June 30, 2017 and December 31, 2016, respectively)	151,837	159,301
Deferred income taxes	91,828	92,373
Other liabilities	11,072	7,801
Total liabilities	1,667,182	2,060,553
Commitments and contingencies (see Note 9)		
Stockholders' equity:		
Preferred stock (\$0.000025 par value per share; 20,000,000 shares authorized; no shares issued and outstanding at June 30, 2017 and December 31, 2016)	—	—
Common stock and additional paid-in capital (\$0.000025 par value per share; 750,000,000 shares authorized; 69,429,088 and 69,015,690 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively)	557,183	535,132
Accumulated deficit	(465,146)	(499,938)
Accumulated other comprehensive loss	(524)	(604)
Total stockholders' equity	91,513	34,590
Total liabilities and stockholders' equity	\$ 1,758,695	\$ 2,095,143

See accompanying notes.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share data)	2017	2016	2017	2016
Professional service revenues	\$ 108,642	\$ 109,593	\$ 228,763	\$ 221,996
Insurance service revenues	691,899	636,253	1,379,388	1,256,789
Total revenues	800,541	745,846	1,608,151	1,478,785
Insurance costs	599,535	596,673	1,208,177	1,166,362
Cost of providing services (exclusive of depreciation and amortization of intangible assets)	50,825	44,034	107,275	89,739
Sales and marketing	45,940	43,800	95,131	92,508
General and administrative	28,224	18,951	53,526	46,601
Systems development and programming	11,415	6,457	22,455	12,846
Amortization of intangible assets	1,316	5,005	2,666	9,985
Depreciation	6,451	4,559	12,599	8,475
Total costs and operating expenses	743,706	719,479	1,501,829	1,426,516
Operating income	56,835	26,367	106,322	52,269
Other income (expense):				
Interest expense and bank fees	(4,857)	(5,038)	(9,605)	(10,080)
Other, net	271	163	422	121
Income before provision for income taxes	52,249	21,492	97,139	42,310
Income tax expense	12,298	9,210	28,451	18,451
Net income	\$ 39,951	\$ 12,282	\$ 68,688	\$ 23,859
Other comprehensive income, net of tax	68	74	80	425
Comprehensive income	\$ 40,019	\$ 12,356	\$ 68,768	\$ 24,284
Net income per share:				
Basic	\$ 0.58	\$ 0.17	\$ 1.00	\$ 0.34
Diluted	\$ 0.56	\$ 0.17	\$ 0.97	\$ 0.33
Weighted average shares:				
Basic	69,029,749	70,728,934	68,770,976	70,625,000
Diluted	71,167,177	72,319,992	71,101,716	72,022,065

See accompanying notes.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net income	\$ 68,688	\$ 23,859
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,496	17,919
Stock-based compensation	13,706	13,905
Changes in operating assets and liabilities:		
Restricted cash and cash equivalents	(31,982)	(21,041)
Prepaid income taxes	27,665	(2,863)
Prepaid expenses and other current assets	(2,601)	(5,033)
Workers' compensation collateral receivable	4,820	(10,599)
Other assets	91	238
Accounts payable	4,002	2,488
Accrued corporate wages and other current liabilities	8,299	(719)
Workers' compensation loss reserves and other non-current liabilities	(5,061)	25,792
Worksite employee related assets	382,875	425,815
Worksite employee related liabilities	(382,885)	(426,094)
Net cash provided by operating activities	104,113	43,667
Investing activities		
Acquisitions of businesses	—	(300)
Purchases of marketable securities	—	(14,959)
Proceeds from maturity of marketable securities	11,469	24,998
Acquisitions of property and equipment	(20,725)	(16,714)
Net cash used in investing activities	(9,256)	(6,975)
Financing activities		
Repurchase of common stock	(29,510)	(16,459)
Proceeds from issuance of common stock on exercised options	5,586	2,220
Proceeds from issuance of common stock on employee stock purchase plan	2,441	2,304
Awards effectively repurchased for required employee withholding taxes	(4,507)	(1,485)
Repayment of notes and capital leases payable	(19,151)	(22,810)
Net cash used in financing activities	(45,141)	(36,230)
Effect of exchange rate changes on cash and cash equivalents	163	24
Net increase in cash and cash equivalents	49,879	486
Cash and cash equivalents at beginning of period	184,004	166,178
Cash and cash equivalents at end of period	\$ 233,883	\$ 166,664
Supplemental disclosures of cash flow information		
Interest paid	\$ 8,006	\$ 8,091
Income taxes paid (refunded), net	(169)	21,374
Supplemental schedule of noncash investing and financing activities		
Payable for purchase of property and equipment	\$ 1,580	\$ 1,581

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(Unaudited)****NOTE 1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES****Description of Business**

TriNet Group Inc. (TriNet, or the Company, we, our and us), a professional employer organization (PEO) founded in 1988, provides comprehensive human resources (HR) solutions for small to midsize businesses (SMBs) under a co-employment model. These HR solutions include bundled services, such as multi-state payroll processing and tax administration, employee benefits programs, including health insurance and retirement plans, workers' compensation insurance and claims management, employment and benefit law compliance, and other services. Through the co-employment relationship, we are the employer of record for most administrative and regulatory purposes, including:

- compensation through wages and salaries,
- employer payroll-related taxes payment,
- employee payroll-related taxes withholding and payment,
- employee benefit programs including health and life insurance, and others, and
- workers' compensation coverage.

Our clients are responsible for the day-to-day job responsibilities of the worksite employees (WSEs).

We operate in one reportable segment. All of our service revenues are generated from external clients. Less than 1% of revenue is generated outside of the U.S.

Basis of Presentation

These unaudited condensed consolidated financial statements (Financial Statements) and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Rules and Regulations of the Securities and Exchange Commission (SEC). Certain information and note disclosures included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The results of operations for the second quarter of 2017 are not necessarily indicative of the operating results anticipated for the full year. These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2016 (2016 Form 10-K).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect certain reported amounts and related disclosures. Significant estimates include:

- liability for unpaid losses and loss adjustment expenses (loss reserves) related to workers' compensation and workers' compensation collateral receivable,
- health insurance loss reserves,
- liability for insurance premiums payable,
- impairments of goodwill and other intangible assets,
- income tax assets and liabilities, and
- liability for legal contingencies.

These estimates are based on historical experience and on various other assumptions that we believe to be reasonable from the facts available to us. Some of the assumptions are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial statements could be materially affected.

Recent Accounting Pronouncements

Recently adopted accounting guidance

Share-based payments - In March 2016, the FASB issued ASU 2016-09- *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* , as part of the Simplification Initiative to simplify certain aspects of the accounting for share-based payment transactions to employees. The new standard requires excess tax benefits and tax deficiencies to be recorded in the statements of income as a component of the provision for income taxes when stock awards vest or are settled. In addition, it eliminates the requirement to reclassify cash flows related to excess tax benefits from operating activities to financing activities on the condensed consolidated statements of cash flows. The standard also provides an accounting policy election to account for forfeitures as they occur, allows us to withhold more of an employee's vesting shares for tax withholding purposes without triggering liability accounting, and clarifies that all cash payments made to tax authorities on an employee's behalf for withheld shares should be presented as a financing activity on our cash flows statement. The new standard was effective for us beginning January 1, 2017.

Upon adoption, excess tax benefits or deficiencies from share-based award activity were reflected in the condensed consolidated statements of income as a component of the provision for income taxes, whereas they previously were recognized in equity. We also elected to account for forfeitures as they occur, rather than estimate expected forfeitures. The adoption of ASU 2016-09 resulted in a net cumulative-effect adjustment of \$0.3 million , reflected as an increase to retained earnings as of January 1, 2017, mostly related to the recognition of the previously unrecognized excess tax benefits using the modified retrospective method. The previously unrecognized excess tax effects were recorded as an increase to deferred tax assets.

We adopted the aspects of the standard affecting the cash flow presentation retrospectively, and accordingly, to conform to the current year presentation, we reclassified \$0.7 million of tax deficiencies under financing activities to operating activities for the period ended June 30, 2016 , on our condensed consolidated statements of cash flows. The presentation requirements for cash flows related to employee taxes paid for withheld shares had no impact to any of the periods presented on our condensed consolidated statements of cash flows since such cash flows have historically been presented as a financing activity.

Recently issued accounting pronouncements

Lease arrangements - In February 2016, the FASB issued ASU 2016-02- *Leases*. The amendment requires that lease arrangements longer than 12 months result in an entity recognizing lease assets and lease liabilities. Most significant impact is on those leases classified as operating leases under previous U.S. GAAP. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The amendment is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. We currently anticipate adoption of the new standard effective January 1, 2019.

We anticipate this standard will have a material impact on our condensed consolidated financial statements. While we are continuing to assess all potential impacts of the standard, we currently believe the most significant impact relates to our accounting for equipment, office and data-center operating leases.

Financial Instruments - In January 2016, the FASB issued ASU 2016-01- *Recognition and Measurement of Financial Assets and Financial Liabilities* . The amendment addresses various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. The amendment is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. Early adoption by public entities is permitted only for certain provisions. We are currently in the process of evaluating the impact of the adoption of this standard on our condensed consolidated financial statements.

Revenue Recognition - In May 2014, the FASB issued ASU 2014-09- *Revenue from Contracts with Customers* , which will replace most existing revenue recognition guidance under GAAP. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. In July 2015, the FASB deferred the effective date to annual reporting periods, and interim periods within those years, beginning after December 15, 2017. Early adoption at the original effective date of December 15, 2016 is permitted. The amendments may be applied retrospectively or as a cumulative-effect adjustment as of the date of adoption. In March, April and May 2016, the FASB issued ASU 2016-08 *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10 *Identifying Performance Obligations and Licensing*, ASU 2016-12 *Narrow-Scope Improvements and Practical Expedients* and ASU 2016-20 *Technical Corrections and Improvements*, respectively, providing further clarification to be considered when implementing ASU 2014-09. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). We currently anticipate adopting the new standard effective beginning January 1, 2018 using the modified retrospective method.

Under the modified retrospective method, the new standard will be applied to all contracts initiated on or after the effective date. For contracts with remaining obligations as of the effective date, opening retained earnings will be adjusted for the cumulative effect of the change to the new standard as of the effective date.

We anticipate this standard will have a material impact on our condensed consolidated financial statements. While we are continuing to assess all potential impacts of the standard, we currently believe the adoption will have material impact on our accounting for sales commission expense, income tax provision and deferred taxes. We anticipate that certain client acquisition costs will be deferred over the expected client tenure. We expect our professional service revenues and insurance service revenues will remain substantially unchanged. The actual revenue recognition treatment required under the standard will be dependent on contract specific terms, and may vary in some instances from recognition at the time of billing.

Statement of Cash Flows - In November and August 2016, the FASB issued (ASU) 2016-18 - *Statement of Cash Flows (Topic 230): Restricted Cash* and 2016-15- *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The new guidance is intended to reduce diversity in practice in how restricted cash and other certain transactions are classified in the statement of cash flows. The amendments are effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method.

As of June 30, 2017 and December 31, 2016 , we had total restricted cash, restricted cash equivalents and payroll funds collected of \$741.1 million and \$1.0 billion , respectively. Currently, changes in these balances are presented as operating cash activities in the condensed consolidated statements of cash flows. Under the new guidance, changes in these amounts will be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the condensed consolidated statements of cash flows.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which we have adopted or will adopt, as applicable, we do not believe any of these other accounting pronouncements have had or will have a material impact on its consolidated financial position, operating results or statements of cash flows.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Under the terms of the agreements with certain of our workers' compensation and health benefit insurance carriers, we are required to maintain collateral in trust accounts for the benefit of specified insurance carriers and to reimburse the carriers' claim payments within our deductible layer. We invest a portion of the collateral amounts in marketable securities. We report the current portion of these trust accounts as restricted cash and cash equivalents in WSE related assets, and the long term portion as restricted cash, cash equivalents and investments on the condensed consolidated balance sheets.

We require our clients to prefund their payroll and related taxes and other withholding liabilities before payroll is processed or due for payment. These amounts that are prefunded by clients are included in WSE related assets as payroll funds collected and are designated to pay pending payrolls and other WSE related liabilities.

Our total corporate and WSE related cash, cash equivalents and investments are summarized below:

(in thousands)	June 30, 2017				December 31, 2016			
	Cash and cash equivalents	Available for sale marketable securities	Certificate of deposits	Total	Cash and cash equivalents	Available for sale marketable securities	Certificate of deposits	Total
Cash and cash equivalents	\$ 233,883	\$ —	\$ —	\$ 233,883	\$ 184,004	\$ —	\$ —	\$ 184,004
Restricted cash and cash equivalents	14,589	—	—	14,589	14,569	—	—	14,569
Restricted cash, cash equivalents and investments, noncurrent								
Collateral for workers' compensation claims	111,141	39,798	—	150,939	78,672	51,829	—	130,501
Worksite employee related assets								
Restricted cash, cash equivalents and investments, current								
Collateral for health benefits claims	68,907	—	—	68,907	65,022	—	—	65,022
Collateral for workers' compensation claims	83,555	507	—	84,062	64,773	—	—	64,773
Collateral to secure standby letter of credit	—	—	2,322	2,322	—	—	2,320	2,320
Total WSE related restricted cash, cash equivalents and investments, current	152,462	507	2,322	155,291	129,795	—	2,320	132,115
Payroll funds collected	462,902	—	—	462,902	825,958	—	—	825,958
Total	\$ 974,977	\$ 40,305	\$ 2,322	\$ 1,017,604	\$ 1,232,998	\$ 51,829	\$ 2,320	\$ 1,287,147

NOTE 3. WORKSITE EMPLOYEE RELATED ASSETS AND LIABILITIES

WSE related assets and WSE related liabilities are intended to be reviewed together when considering the financial position of the Company. Our clients direct the price and service specifications for payroll and payroll taxes and as a result, we are not the primary obligor for payroll and payroll tax payments and therefore record these amounts net in our statements of income and comprehensive income. However, we record without offset, accrued wages and payroll tax liabilities for WSEs in WSE related liabilities with the related payroll funds collected and unbilled revenues in WSE related assets. We have classified these assets and liabilities and other service related amounts collectively as WSE related, to present a clearer picture of the inter-relationship of the balances and distinguish these from our other corporate assets and liabilities.

In addition to unbilled revenues, accrued wages and payroll tax liabilities, other significant balances included in the WSE related assets and liabilities include:

- Payroll funds collected, which represents cash collected from clients in advance to fund payroll and payroll taxes, and other payroll related liabilities;
- Other payroll assets, which primarily include payroll tax receivables;
- Client deposits, which represents indemnity guarantee payments received from clients and collections from clients in excess of payroll and other payroll related liabilities;
- Other payroll withholdings, which primarily includes withholdings under 401(k) plans and flexible benefit plans.

(in thousands)	June 30, 2017	December 31, 2016
Worksite employee related assets:		
Restricted cash, cash equivalents and investments	\$ 155,291	\$ 132,115
Payroll funds collected	462,902	825,958
Unbilled revenue (net of advance collections of \$17,420 and \$8,602 at June 30, 2017 and December 31, 2016, respectively)	247,751	293,192
Accounts receivable (net of allowance for doubtful accounts of \$160 and \$292 at June 30, 2017 and December 31, 2016, respectively)	7,644	4,854
Prepaid insurance premiums	15,253	12,805
Workers' compensation collateral receivable	190	2,136
Other payroll assets	9,565	10,411
Total worksite employee related assets	\$ 898,596	\$ 1,281,471
Worksite employee related liabilities:		
Accrued wages	\$ 246,802	\$ 272,966
Client deposits	35,147	56,182
Payroll tax liabilities	352,184	692,460
Unpaid losses and loss adjustment expenses (less than 1 year):		
Health benefits loss reserves	125,241	129,430
Workers' compensation loss reserves (net of collateral paid of \$9,124 and \$9,234 at June 30, 2017 and December 31, 2016, respectively)	70,812	63,702
Insurance premiums and other payables	17,264	14,223
Other payroll withholdings	45,660	47,032
Total worksite employee related liabilities	\$ 893,110	\$ 1,275,995

Included in the payroll tax liabilities and insurance premiums and other payables were amounts relating to approximately 2,700 and 2,600 corporate employees at June 30, 2017 and December 31, 2016, respectively.

NOTE 4. WORKERS' COMPENSATION LOSS RESERVES

The following table summarizes the workers' compensation loss reserve activity for the three and six months ended June 30, 2017 and 2016 :

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Total loss reserves, beginning of period	\$ 260,308	\$ 200,152	\$ 254,614	\$ 190,102
Incurred				
Current year	20,191	28,572	47,127	51,346
Prior years	896	2,741	1,497	8,004
Total incurred	21,087	31,313	48,624	59,350
Paid				
Current year	(5,377)	(1,567)	(5,637)	(2,278)
Prior years	(21,334)	(15,187)	(42,917)	(32,463)
Total paid	(26,711)	(16,754)	(48,554)	(34,741)
Total loss reserves, end of period	\$ 254,684	\$ 214,711	\$ 254,684	\$ 214,711

The following summarizes workers' compensation liabilities on the condensed consolidated balance sheets:

(in thousands)	June 30, 2017	December 31, 2016
Total loss reserves, end of period	\$ 254,684	\$ 254,614
Collateral paid to carriers and offset against loss reserves	(32,035)	(31,611)
Total loss reserves, net of carrier collateral offset	\$ 222,649	\$ 223,003
Payable in less than 1 year ⁽¹⁾ (net of collateral paid to carriers of \$9,124 and \$9,234 at June 30, 2017 and December 31, 2016, respectively)	\$ 70,812	\$ 63,702
Payable in more than 1 year (net of collateral paid to carriers of \$22,911 and \$22,377 at June 30, 2017 and December 31, 2016, respectively)	151,837	159,301
Total loss reserves, net of carrier collateral offset	\$ 222,649	\$ 223,003

(1) Included in WSE related liabilities within Note 3 to these condensed consolidated financial statements.

Incurred claims related to prior years represent changes in estimates for ultimate losses on workers' compensation claims. For the three and the six months ended June 30, 2017, the favorable development was primarily due to lower than expected frequency of reported claims associated with our office WSEs, partially offset by increased severity of reported claims with our non-office WSEs in recent accident years.

As of June 30, 2017 and December 31, 2016, we had \$59.3 million and \$65.6 million, respectively, of collateral held by insurance carriers of which \$32.0 million and \$31.6 million, respectively, was offset against workers' compensation loss reserves as the agreements permit and are net settled of insurance obligations against collateral held. Collateral paid to each carrier for a policy year in excess of our loss reserves are recorded as workers' compensation collateral receivable.

NOTE 5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Cash, Cash equivalents and Restricted Investments

We classify our cash, cash equivalents and restricted investments in marketable securities within Level I in the fair value hierarchy because we use quoted market prices to determine the fair value. We classify our certificates of deposit within Level II in the fair value hierarchy as we use a market approach that compares fair values on certificates with similar maturities. We have no available for sale securities included in Level III as of June 30, 2017 and December 31, 2016. There was no transfer of any assets and liabilities between Levels during the three months ended June 30, 2017 or the year ended December 31, 2016.

The following table summarizes our investments by significant categories and fair value measurements on a recurring basis as of June 30, 2017 and December 31, 2016.

(in thousands)	Maturity (in years)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2017					
Level 1:					
Investments:					
U.S. treasuries	< 3	\$ 39,900	\$ 5	\$ (107)	\$ 39,798
Mutual funds	N/A	500	7	—	507
Total investments		\$ 40,400	\$ 12	\$ (107)	\$ 40,305
Level 2:					
Certificates of deposit	< 1	\$ 2,322	\$ —	\$ —	\$ 2,322
Total		\$ 42,722	\$ 12	\$ (107)	\$ 42,627
December 31, 2016					
Level 1:					
Investments:					
U.S. treasuries	< 3	\$ 51,376	\$ 25	\$ (77)	\$ 51,324
Mutual funds	N/A	500	5	—	505
Total investments		\$ 51,876	\$ 30	\$ (77)	\$ 51,829
Level 2:					
Certificates of deposit	< 1	\$ 2,320	\$ —	\$ —	\$ 2,320
Total		\$ 54,196	\$ 30	\$ (77)	\$ 54,149

There were no realized gains or losses for the six months ended June 30, 2017 and 2016. We had \$0.1 million gross unrealized losses in our U.S. Treasury securities as of June 30, 2017 and December 31, 2016, respectively. The fair value of these securities in an unrealized loss position represented 87% and 58% of the total fair value of all U.S. Treasury securities as of June 30, 2017 and December 31, 2016, respectively.

Unrealized losses are principally caused by changes in interest rates. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. As we have the ability and intent to hold these available for sale marketable securities until maturity, or for the foreseeable future, no decline was deemed to be other-than-temporary.

Notes Payable

The carrying value of our notes payable at June 30, 2017 and December 31, 2016 was \$443.8 million and \$462.9 million, respectively. The estimated fair values of our notes payable at June 30, 2017 and December 31, 2016 were \$446.0 million and \$462.9 million, respectively. These valuations are considered Level II in the hierarchy for fair value measurement and are based on quoted market prices.

NOTE 6: STOCKHOLDERS' EQUITY

Equity-Based Incentive Plans

Equity-based incentive plans include stock options, restricted stock units (time-based and performance-based) and other stock awards. The number of shares available for grant under these plans as of June 30, 2017 was 8.9 million .

The following table summarizes stock option activity under our equity-based plans for the six months ended June 30, 2017 :

	Number of Shares
Balance at December 31, 2016	2,815,224
Granted	—
Exercised	(1,041,720)
Forfeited	(53,413)
Expired	—
Balance at June 30, 2017	1,720,091
Exercisable at June 30, 2017	1,320,866

The aggregate intrinsic value of stock options outstanding was \$35.1 million and \$46.2 million as of June 30, 2017 and December 31, 2016 , respectively.

The following table summarizes restricted stock unit (RSU) and performance-based restricted stock unit (PSU) activity under our equity-based plans for the six months ended June 30, 2017 :

	RSUs		PSUs	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2016	2,323,051	\$ 20.32	149,412	\$ 33.51
Granted	966,329	27.88	239,792	28.43
Vested	(549,248)	19.46	(7,518)	33.51
Forfeited	(147,674)	23.25	(18,894)	33.51
Nonvested at June 30, 2017	2,592,458	\$ 23.15	362,792	\$ 30.15

Stock-Based Compensation

Stock-based 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. Stock-based compensation expense and other disclosures for stock-based awards made to our employees pursuant to the equity plans was as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Cost of providing services	\$ 2,031	\$ 1,624	\$ 3,643	\$ 3,439
Sales and marketing	1,621	1,643	2,923	3,628
General and administrative	2,744	2,644	5,035	5,617
Systems development and programming costs	1,103	597	2,105	1,221
Total stock-based compensation expense	\$ 7,499	\$ 6,508	\$ 13,706	\$ 13,905
Income tax benefit related to stock-based compensation expense	\$ 2,682	\$ 2,248	\$ 4,808	\$ 4,828
Tax benefit realized from stock options exercised and similar awards	\$ 10,525	\$ 427	\$ 16,034	\$ 2,415

Stock Repurchases

The board of directors authorizes repurchases through an ongoing program initiated in May 2014. During the six months ended June 30, 2017, we repurchased 1.1 million shares of common stock for \$29.5 million. As of June 30, 2017, \$30.5 million remained available for further repurchases of our common stock under our ongoing stock repurchase program.

NOTE 7. EARNINGS PER SHARE (EPS)

The following table presents the computation of our basic and diluted EPS attributable to our common stock:

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	\$ 39,951	\$ 12,282	\$ 68,688	\$ 23,859
Weighted average shares of common stock outstanding	69,030	70,729	68,771	70,625
Basic EPS	\$ 0.58	\$ 0.17	\$ 1.00	\$ 0.34
Net income	\$ 39,951	\$ 12,282	\$ 68,688	\$ 23,859
Weighted average shares of common stock	69,030	70,729	68,771	70,625
Dilutive effect of stock options and restricted stock units	2,137	1,591	2,331	1,397
Weighted average shares of common stock outstanding	71,167	72,320	71,102	72,022
Diluted EPS	\$ 0.56	\$ 0.17	\$ 0.97	\$ 0.33
Common stock equivalents excluded from income per diluted share because of their anti-dilutive effect	279	949	288	1,184

NOTE 8. INCOME TAXES

Our effective income tax rate was 23.5% and 42.9% for the three months ended June 30, 2017 and 2016, respectively, and 29.3% and 43.6% for the six months ended June 30, 2017 and 2016, respectively. The decrease is primarily due to a discrete tax benefit recognized upon adoption of ASU 2016-09, a tax benefit from an increase in excludable income for state tax purposes which is partially offset by a discrete charge due to changes in uncertain tax positions, and a tax benefit in non-deductible expenses due to the abatement of penalties previously assessed by the Internal Revenue Service (IRS). The remaining decrease is attributable to tax credits and disqualifying dispositions of previously nondeductible stock based compensation.

During the six months ended June 30, 2017, our unrecognized tax benefits increased from \$0.9 million to \$3.4 million. Of the \$3.4 million, \$2.0 million would affect our tax expense, if recognized. Included in the \$2.0 million is \$0.2 million for interest and \$0.2 million for penalties. Our unrecognized tax benefits are not expected to change significantly during the next 12 months.

We are subject to tax in U.S. federal and various state and local jurisdictions, as well as Canada. We are not subject to any material income tax examinations in federal or state jurisdictions for tax years prior to January 1, 2011. We previously paid Notices of Proposed Assessments disallowing employment tax credits totaling \$10.5 million, plus interest and penalties of \$4.0 million in connection with an IRS examination of Gevity HR, Inc. and its subsidiaries, which were acquired by TriNet in June 2009. This issue is being resolved through litigation. With regard to these employment tax credits, we believe it is more likely than not that we will prevail and realize our receivable included in other noncurrent assets without a charge to our statement of income. Therefore, no reserve has been recognized related to this matter.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Lease Commitments

We lease office facilities, including our headquarters and other facilities, and equipment under non-cancelable operating leases. For detail of these commitments refer to Note 13 in Part II, Item 8 in our 2016 Form 10-K.

In July 2017, we entered into an agreement to lease additional office space starting February 2018 for a total commitment of approximately \$32.4 million over 10 years.

Credit Facilities

We maintain a \$75.0 million revolving credit facility which includes capacity for a \$40.0 million letter of credit facility and a \$10.0 million swingline facility. Letters of credit issued pursuant to the revolving credit facility reduce the amount available for borrowing under the revolving credit facility. The total unused portion of the revolving credit facility was \$59.5 million as of June 30, 2017.

The terms of the credit agreement governing the revolving credit facility require us to maintain certain financial ratios at each quarter end. We were in compliance with these financial covenants at June 30, 2017.

We also have a \$ 5.0 million line of credit facility to secure standby letters of credit related to our workers' compensation obligations. At June 30, 2017, the total unused portion of the credit facility was \$ 2.7 million.

Standby Letters of Credit

We have two unused standby letters of credit totaling \$17.8 million provided as collateral for our workers' compensation obligations. At June 30, 2017, the facilities were not drawn down.

Contingencies

In August 2015, Howard Welgus, a purported stockholder, filed a putative securities class action lawsuit, *Welgus v. TriNet Group, Inc. et. al.*, under the Securities Exchange Act of 1934 in the United States District Court (the Court) for the Northern District of California. The complaint was later amended in April 2016. The amended complaint generally alleges that TriNet and the other defendants caused damage to purchasers of our stock by misrepresenting and/or failing to disclose facts generally pertaining to alleged trends affecting health insurance and workers' compensation claims. The other defendants include certain of our officers and directors, General Atlantic, LLC, a former significant shareholder, and the underwriters of our IPO. The court set September 2017 for a court hearing on our motion to dismiss. We are unable to reasonably estimate the possible loss or range of losses, if any, arising from this litigation.

We are and, from time to time, have been and may in the future become involved in various litigation matters, legal proceedings and claims arising in the ordinary course of our business, including disputes with our clients or various class action, collective action, representative action and other proceedings arising from the nature of our co-employment relationship with our clients and WSEs in which we are named as a defendant. In addition, due to the nature of our co-employment relationship with our clients and WSEs, we could be subject to liability for federal and state law violations, even if we do not participate in such violations. While our agreements with our clients contain indemnification provisions related to the conduct of our clients, we may not be able to avail ourselves of such provisions in every instance. We have accrued our current best estimates of probable losses with respect to these matters which are individually and in aggregate immaterial to our condensed consolidated financial statements.

While the outcome of the matters described above cannot be predicted with certainty, management currently does not believe that any such claims or proceedings or the above mentioned securities class action will have a materially adverse effect on our consolidated financial position, results of operations or cash flows. However, the unfavorable resolution of any particular matter or our reassessment of our exposure for any of the above matters based on additional information obtained in the future could have a material impact on our consolidated financial position, results of operations or cash flows.

Legal Proceedings

For the information required in this section, refer to Note 9 in the condensed consolidated financial statements and related notes included this Form 10-Q.

Risk Factors

There have been no material changes in our risk factors disclosed in Part 1, Item 1A, of our 2016 Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

(a) Sales of Unregistered Securities

Not applicable.

(b) Use of Proceeds from Sales of Unregistered Securities

Not applicable.

(c) Issuer Purchases of Equity Securities

The following table provides information about our purchases of TriNet common stock during the quarter ended June 30, 2017 :

Period	Total Number of Shares Purchased ⁽¹⁾	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans ⁽²⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans ⁽²⁾
April 1 - April 30, 2017	3,620	\$ 27.69	—	\$ 32,428,386
May 1 - May 31, 2017	77,421	\$ 30.83	—	\$ 32,428,386
June 1 - June 30, 2017	67,109	\$ 32.02	59,709	\$ 30,512,973
Total	148,150		59,709	

(1) Includes shares surrendered by employees to us to satisfy tax withholding obligations that arose upon vesting of restricted stock units granted pursuant to approved plans.

(2) We repurchased a total of approximately \$ 1.9 million of our outstanding common stock during the three months ended June 30, 2017.

As of June 30, 2017 we had approximately \$30.5 million remaining for repurchases under our stock repurchase program. Stock repurchases under the program are primarily intended to offset the dilutive effect of share-based employee incentive compensation. The purchases were funded from existing cash and cash equivalents balances.

Our stock repurchases and dividends are subject to certain restrictions under the terms of our credit facility. For more information about our credit facility and our stock repurchases, refer to Notes 8 and 9 in Part II, Item 8 of our 2016 Form 10-K.

Defaults Upon Senior Securities

Not applicable.

Mine Safety Disclosures

Not applicable.

Other Information

Not applicable.

Exhibits

A list of exhibits is found in the Exhibit Index immediately following the signature page of this report.

SIGNATURES

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

TRINET GROUP, INC.

Date: July 31, 2017

By: /s/ Burton M. Goldfield
Burton M. Goldfield
Chief Executive Officer

Date: July 31, 2017

By: /s/ Richard Beckert
Richard Beckert
Chief Financial Officer

Date: July 31, 2017

By: /s/ Michael P. Murphy
Michael P. Murphy
Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1**	Employment Agreement, dated March 31, 2017, between Richard Beckert and TriNet Group, Inc.					X
10.2**	Second Amended and Restated Employment Agreement, dated December 28, 2016, between Edward Giese and TriNet Group, Inc.					X
10.3**	TriNet Group, Inc. Amended and Restated Executive Severance Benefit Plan	8-K	001-36373	10.1	5/23/2017	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Linkbase Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					

* Document has been furnished, is deemed not filed and is not to be incorporated by reference into any of TriNet Group, Inc.'s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

** Constitutes a management contract or compensatory plan or arrangement.

TRINET GROUP, INC.
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "*Agreement*") is entered into by and between RICHARD BECKERT (*the "Executive," "you" or "your"*) and TriNet Group, Inc., a Delaware corporation (the "*Company*"), on March 31, 2017. This Agreement amends, supersedes and terminates any and all prior agreements with respect to your employment terms and severance benefits, without limitation, including but not limited to, any oral or written offers, agreements or summaries of employment terms (the "*Previous Agreements*"), and no benefits of any sort shall be paid under said Previous Agreements.

1. EMPLOYMENT BY THE COMPANY

1.1 Title and Responsibilities. Subject to the terms set forth herein, and effective on the date on which you commence your employment with the Company (the "*Effective Date* "), you will be employed as the **Senior Vice President, Finance** , of the Company and you will report to the Chief Executive Officer. Effective immediately following the filing of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 with the U.S. Securities and Exchange Commission, you will be employed as the **Senior Vice President , Chief Financial Officer** , of the Company and you will continue to report to the Chief Executive Officer. During your employment with the Company, you will devote your best efforts and substantially all of your business time and attention (except for vacation periods and reasonable periods of illness or other incapacity permitted by the Company's general employment policies) to the business of the Company. Within this relationship, you shall be expected to perform those duties the Company requires, within the bounds of its policies and the law, to the highest professional and ethical standards. Notwithstanding the foregoing, it is acknowledged and agreed that you may engage in civic and not-for-profit activities and/or serve on the boards of directors of noncompetitive private or public companies; provided, in each case that such activities do not materially interfere with the performance of your duties hereunder and prior approval is obtained from the Chief Legal Officer of the Company.

1.2 At-Will Employment. Your relationship with the Company is at-will. The Company will have the right to terminate this Agreement and your employment with the Company at any time with or without cause, and with or without advance notice. In addition, the Company retains the discretion to modify the terms of your employment, including but not limited to position, duties, reporting relationship, office location, compensation, and benefits, at any time. Your at-will employment relationship may only be changed in a written agreement approved by the Board and signed by you and a member of the Board (or a duly authorized officer of the Company). You also may be removed from any position you hold in the manner specified by the Bylaws of the Company and applicable law.

1.3 Company Employment Policies. The employment relationship between the parties will be governed by the general employment policies and procedures of the Company, including those relating to the protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or procedures, this Agreement will control.

2. COMPENSATION.

2.1 Base Salary. Commencing on the Effective Date, you will earn a starting base salary at an annualized rate of Five Hundred Thousand Dollars (\$500,000.00), payable semi-monthly on

the Company's standard payroll dates, less any payroll deductions and all required taxes and withholdings. You will be considered for annual adjustments in base salary in accordance with Company policy and subject to review and approval by the Compensation Committee of the Board (the "**Committee**"). This is a full-time, exempt position and you are expected to work the Company's normal business hours and such additional time as may be required by the nature of your work assignments (for which you will not be eligible for overtime compensation).

2.2 Equity Awards. The parties agree that, in exchange for acceptance of the offer of employment and the execution of this Agreement, after the Effective Date, the Chief Executive Officer will recommend to the Committee an equity grant in the value of Three Million Dollars (\$3,000,000.00) of which 50% will be comprised of time-vested restricted stock units (" **RSUs** ") and 50% performance-vested Restricted stock units (" **PSUs** ") to be settled in shares of the Company's Common Stock (the " **Equity Award** "). Said Equity Award shall be made pursuant to the Company's standard forms and agreements. The RSUs shall be subject to the Company's standard four-year vesting schedule for new hires, 1/4th of the total shares subject to the RSU Award (rounded down to the nearest whole share) shall vest on the first anniversary of the date of the grant, and thereafter 1/16th of the total shares subject to the RSU Award (rounded down to the nearest whole share, except for the last vesting installment) shall vest on the 15th day of the second month of each calendar quarter after such first anniversary. The PSUs shall be measured using metrics approved by the Committee using a one-year performance period (January 1, 2017 to December 31, 2017), with 50% of any earned PSUs vesting on December 31, 2018, and the remaining 50% of any earned PSUs vesting on December 31, 2019. The Equity Award will be subject to the terms and conditions of the Company's equity incentive plan and the grant agreements, in each case conditioned on the recipient's Continuous Service (as defined in the Company's equity incentive plan) through each such vesting date. Approval of the recommendation of the Equity Award is in the sole and unreviewable discretion of the Board and/or the Committee.

2.3 Target Variable Compensation. Each year, you will be eligible to earn an annual performance-based variable compensation amount based on the achievement of corporate and individual performance goals established by the Company and subject to approval by the Committee, with the target amount for such variable compensation established in the Company's annual executive incentive compensation plan (the " **Target Variable Compensation** "). For 2017, your Target Variable Compensation is one hundred percent (100%) of your base compensation, or Five Hundred Thousand Dollars (\$500,000.00), and will be prorated based on your actual service period for the year. Achievement against goals and the actual amount of the Target Variable Compensation earned will be determined by the Company, in its sole discretion, and will be subject to the approval of the Committee. You must remain an active employee throughout the full-time period for which the Target Variable Compensation is paid, and for which time period the Company and the Committee assesses performance and the related compensation amounts, and you must be employed and in good standing on the date of Target Variable Compensation distribution, in order to earn and be paid any such compensation amount. Any earned Target Variable Compensation, shall be paid within thirty (30) days following its determination and approval by the Committee.

2.4 Company Benefits.

(a) Standard Company Benefits. You will be eligible to participate in the Company's standard employee benefits plans that are available to employees generally, as in effect from time to time, subject to the terms and conditions of such plans.

(b) **Financial Planning and Tax Services.** The Company will reimburse you for up to Ten Thousand Dollars (\$10,000.00) annually for reasonable financial planning and/or income tax services, subject in each case to applicable tax withholdings and submission of the necessary receipts within thirty (30) days after the incurrence of the expense.

(c) **Relocation Assistance.** You will initially be located in our office at 1100 San Leandro Blvd. San Leandro, California, through at least April 30, 2018. Until April 30, 2018, you will be entitled to a monthly stipend of \$3,000.00, net of taxes, in order to secure temporary living accommodations through April 30, 2018. You will also be entitled to be reimbursed for airfare for your spouse to travel from your home in Ridgefield, CT to the San Francisco Bay Area once every three-month period from your start date until April 18, 2018. Prior to April 30, 2018, the Chief Executive Officer will consult with you and make a business determination as to the most suitable location for your continued employment (the “ **Designated Location** ”) and, if necessary, you will relocate to the Designated Location no later than September 1, 2018. If the Designated Location is more than 50 miles from Ridgefield, CT, you will be eligible to reimburse (A) reasonable travel expenses for one trip for you and your spouse from Ridgefield, CT to the San Francisco Bay Area to locate and make arrangements for alternative housing and (B) additional verified relocation expenses of up to \$100,000.00, less any applicable payroll deductions and all required taxes and withholdings. Relocation expenses generally include shipment of household items, reasonable travel to locate new housing, and similar expenses. You will be responsible for any taxes associated with payment to you of any such reimbursements. In the event that you either (x) fail to relocate to the Designated Location by September 1, 2018, or (y) voluntarily terminate your employment with the Company within one year of your relocation to the Designated Location, you will be responsible for immediate repayment in full to the company for any relocation assistance amounts previously reimbursed to you by the Company. In the event that it is determined that you do not need to relocate from your current place of residence to the Designated Location, no reimbursement or other payments related to relocation will be made hereunder. You may be required to travel periodically as may otherwise be required by the nature of your work assignments, including periodic CEO staff meetings, for which you will be reimbursed for reasonable travel expenses in accordance with the Company’s current Employee Travel and Expense Policy.

(d) **Severance Benefits.** On the Effective Date, you will be eligible to participate in the TriNet Group, Inc. Severance Benefit Plan (the “ **Severance Plan** ”), a copy of which is attached hereto as Annex A, which shall be the only severance benefits from the Company to which the Executive shall be entitled. In order to receive any severance benefits under the Severance Plan, you are required to return a signed copy of the Participation Notice, which is attached as Exhibit A to the Severance Plan, to the Chief Legal Officer. For the abundance of clarity, the definition of “Resignation for Good Reason” under the Severance Plan shall be deemed to include any change in your line of reporting line to anyone other than the Chief Executive Officer or Chairman of the Board.

2.5 Expense Reimbursements. For the avoidance of doubt, to the extent that any reimbursements payable by the Company to you under this Agreement or otherwise are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the “ **Code** ”), any such

reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and the right to reimbursement will not be subject to liquidation or exchange for another benefit.

3. CONFIDENTIAL INFORMATION. As a condition of your continued employment, you must sign and comply with the Proprietary Information and Invention Agreement (the "*Proprietary Information Agreement*") attached hereto as Annex B.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this employment agreement effective as of the Effective Date, which shall be no later than 5:00 p.m., Pacific Time, on March 31, 2017.

TRINET GROUP, INC.

/s/ Burton M. Goldfield

BURTON M. GOLDFIELD

President & Chief Executive Officer

EXECUTIVE

/s/ Richard Beckert

RICHARD BECKERT

ANNEX A

TRINET GROUP, INC. SEVERANCE BENEFIT PLAN

[Separately filed with the Securities and Exchange Commission]

ANNEX B

PROPRIETARY INFORMATION AND INVENTION AGREEMENT

PROPRIETARY INFORMATION AND INVENTION AGREEMENT (PIIA) CHR

As part of the consideration for my employment or my continued employment and the compensation now or hereafter paid to me, including, but not limited to, salary, bonus awards, or other type of compensation, I agree as follows:

1. Maintaining Confidential Company Information. I will not, during and after my employment with TriNet HR Corporation or any of its successors, subsidiaries, assigns, related companies and divisions (collectively, the “Company”), (i) directly or indirectly disclose to any person or entity, or use, except for the sole benefit of the Company, any of the Company’s confidential or proprietary information or trade secrets (collectively, “Company Information”) or (ii) publish or submit for publication, any article or book relating to the Company, its development projects, or other aspects of Company business, without the prior written permission from the Company’s Chief Legal Officer. By way of illustration and not limitation, Company Information shall include the Company’s trade secrets; research and development plans or projects; data and reports; computer materials such as software programs, instructions, source and object code, and printouts; products prospective products, inventions, developments, and discoveries; data compilations, development databases; business improvements; business plans (whether pursued or not); ideas; budgets; unpublished financial statements; licenses; pricing strategy and cost data; information regarding the skills and compensation of other employees of the Company; the personally identifying and protected health information of other employees of the Company, including worksite employees of TriNet customers; lists of current and potential customers of TriNet; strategies, forecasts and other marketing information and techniques; employment and recruiting strategies and processes; sales practices, strategies, methods, forecasts, compensation plans, and other sales information; investor information; and the identities of the Company’s suppliers, vendors, and contractors, and all information about those supplier, vendor and contractor relationships such as contact person(s), pricing and other terms. The definition of Company Information shall include both “know-how” (i.e., information about what works well) and “negative know-how” (i.e., information about what does not work well). I further acknowledge and recognize that all Company Information is confidential and proprietary, and shall remain the exclusive property of the Company. To the extent that I have any question as to whether something constitutes Company Information, I agree to obtain the express written permission of my manager before using or disclosing the information in any way. Notwithstanding the foregoing, I understand that the restrictions on my disclosure or use of Company Information described in this paragraph shall not limit in any way any right I may have to disclose or use information pursuant to the National Labor Relations Act (if I am a United States employee) or any other applicable law.

2. Third Party Information. I understand that the Company has in the past received, and in the future may receive from third parties, confidential or proprietary information (“Third Party Information”), subject to a duty on the Company’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. During and after my employment with the Company, I will hold all Third Party Information received by me in the strictest confidence and will not disclose it to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use it, except in connection with my work for the Company.

- 3. No Improper Use of Information of Prior Employers and Others.** During my employment with the Company, I will not improperly use or disclose any confidential information or trade secrets of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring on to Company premises or equipment any proprietary or confidential information or property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. For California employees only: I certify that I have read and completed the Limited Exclusion Notification attached as Exhibit A.
- 4. Return of Company Property.** When I leave the employ of the Company, I will deliver to the Company (and will not keep in my possession, copy, recreate or deliver to anyone else in whole or in part) any and all items including but not limited to files, drawings, notes, notebooks, memoranda, specifications, records, business plans and forecasts, financial information, sales materials, customer and prospective customer lists, reports, programs, proposals, specifications computer-recorded information (including emails), tangible property (including but not limited to laptop/desktop computers, flash drives, CD-ROMs, cell phones, blackberries, tablets and other PDA devices), building entry/access cards, identification badges and keys, devices, and documents, together with all copies thereof (in whatever medium recorded) and any other property or material containing or disclosing Company Information or Third Party Information. I further agree that any property owned by the Company, wherever located, including disks and other storage media, computers, filing cabinets, desks/desk drawers, or lockers, is subject to inspection by Company personnel at any time during my employment and after, with or without notice.
- 5. No Conflicting Employment; Solicitation Restrictions.** While employed by the Company, I will not, without the Company's prior written consent, directly or indirectly engage in any employment, consulting, or other activity which creates or is likely to create an actual or a potential conflict of interest with my employment at the Company or conflict with any of my obligations under this Agreement. In addition, during any period in which I am employed by the Company and for a period of one year thereafter, I shall not directly or indirectly, for myself or on behalf of any other person or entity, in any manner or capacity whatsoever, solicit, approach, recruit, interview, offer to hire or attempt to hire, or in any manner endeavor to entice away any person who is employed by or associated with the Company as an employee, independent contractor or agent. Finally, during any period in which I am employed by the Company and for a period of one year thereafter, I shall not directly or indirectly, for myself or on behalf of any other person or entity, whether as an employee, owner, part-owner, shareholder, officer, director, trustee, partner, member, sole proprietor, consultant, agent, representative, or in any other manner or capacity whatsoever, use Company Information to attempt to call on, solicit or take away any clients or prospects of the Company except on behalf of the Company.
- 6. Ownership of Discoveries & Results and Proceeds.** Any inventions (whether or not patentable), discoveries, designs, business methods, improvements or works of authorship made by me, alone or jointly with others, and all results and proceeds of my services to the Company ("Results and Proceeds") at any time during my employment by the Company which are made, conceived, reduced to practice or learned by me in the course and scope of my employment or with the use of the Company's time, property (whether tangible or intangible), materials or facilities, or relating to any subject matter with which my work for the Company is concerned, are hereby irrevocably and unconditionally assigned to the Company for its benefit and shall be the exclusive property of the Company. Any copyrightable subject matter included in the Results and Proceeds shall be "works made for hire" as that phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.). If it is ever determined that any Results and Proceeds cannot be considered "works made for hire" or otherwise cannot be fully assigned to the Company under applicable law, I hereby grant to Company in perpetuity and on an exclusive and irrevocable basis all worldwide rights of every

kind and nature, whether now known or hereafter recognized, in and to such Results and Proceeds to the maximum extent permitted by applicable law. Without limitation of the foregoing, Company has the exclusive right to obtain and own all patents and copyright registrations with respect to such Results and Proceeds. Neither the expiration nor the termination of this Agreement shall affect the Company's ownership of or rights in the Results and Proceeds or any intellectual property rights therein. To facilitate the determination of whether any invention, discovery, designs, business methods, improvement or work of authorship is properly transferable to the Company, I will promptly advise it of all inventions, discoveries, improvements or works of authorship made, conceived, reduced to practice or learned by me during the term of my employment and for six months after termination of my employment. I understand that my obligations under this paragraph 6 do not apply to any invention that qualifies fully as a non-assignable invention under Section 2870 of the California Labor Code, as explained in Exhibit A, or any law of any other jurisdiction of similar effect, in each case, to the extent applicable to my inventions. I have completed Exhibit B, which lists all inventions, improvements and other works ("Pre-existing Work") that I have alone or jointly with others, conceived, developed, reduced to practice prior to the commencement of my employment with the Company, that I consider to be my property or the property of third parties. I hereby represent and warrant that there is no Pre-existing Work other than as set forth in Exhibit B. If Exhibit B is not completed, there is no Pre-existing Work for which

I claim ownership. I agree that I will not incorporate any Pre-existing Work into any Company works without first obtaining the express, written approval of the Company in each case. To the extent that I incorporate any Pre-existing Work into any Company works, I hereby represent and warrant that I have all necessary rights and authority to do so and hereby grant to Company the perpetual, irrevocable, non-exclusive, worldwide, royalty-free and sublicensable right to use and exploit such Pre-existing Work for any and all purposes in connection with the Company's and its affiliates' and their respective successors' and assigns' current and future businesses. For Canadian employees only: I certify that I have read and completed the Acknowledgment and Waiver attached as Exhibit C.

7. Perfection and Enforcement of Proprietary Rights. I will assist the Company in every proper way at the Company's request and direction to obtain, perfect and enforce United States, Canadian and foreign patent, copyright, mask work and other intellectual property rights ("Proprietary Rights") relating to Company Information and/or Results and Proceeds in any and all countries. Without limiting the generality of the foregoing, I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. My obligation to assist the Company pursuant to this paragraph 7 shall continue following the termination of my employment, but the Company shall compensate me at a reasonable rate to be determined by the Company consistent with its ordinary practices after my termination for the time actually spent by me at the Company's request for such assistance. If the Company or its designee is unable because of my mental or physical incapacity or unavailability or for any other reason to obtain my signature for any document required by this paragraph 7, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such documents with the same legal force and effect as if originally executed by me, and I declare that this power of attorney shall be deemed to be coupled with an interest and irrevocable, and may be exercised during any subsequent legal incapacity

8. No Continued Employment; Exit Interview. I understand that my employment with the Company is at-will and that this Agreement does not confer any right of continued employment by the Company, and does not limit in any way the Company's right or my right to terminate my employment at any time, with or without cause. In the event my employment with the Company terminates for any reason, I will, if requested, participate in an exit interview with the Company and reaffirm in writing my obligations as set forth in this Agreement. I agree to provide the Company with the name and address of my new employer, and consent to the Company's notification to my new employer of my rights and obligations under this Agreement.

10. **Legal and Equitable Remedies**. I recognize that my violation of this Agreement exposes the Company to irreparable harm and that the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond, and without prejudice to any other rights and remedies (including recovery of monetary damages) that the Company may have for a breach of this Agreement.
11. **Entire Agreement**. This Agreement sets forth the final, complete and exclusive agreement and understanding between the Company and me relating to the subject matter hereof and supersedes all prior agreements, promises, representations or inducements between the Company and me that concern the subject matter of this Agreement. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged.
12. **Severability**. If one or more of the provisions in this Agreement are deemed unenforceable by law, then the remaining provisions will continue in full force and effect. Moreover, if any one or more of the provisions contained in this Agreement shall be held to be excessively broad or partially invalid, illegal or unenforceable, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. I agree that a court may rewrite, revise, or edit this Agreement to make it enforceable.
13. **Successors and Assigns**. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company and its successors and its assigns.
14. **Survival**. The provisions of this Agreement shall survive the termination of my employment, regardless of the reason for the termination, and the assignment of this Agreement by the Company to any successor in interest or other assignee.
15. **Waiver**. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.
16. **Change in Employment**. I agree that any subsequent change in my duties, title, salary or compensation will not affect in any respect the validity, enforceability, or scope of this Agreement.
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17. If I am a United States employee, this Agreement will be governed by the laws of the State of California, without regard to **Governing** conflicts of law principles. If I am a Canadian employee, this Agreement will be governed by the laws of the Province of **Law**. Ontario and the federal laws of Canada applicable in that Province, without regard to conflicts of law principles.

I HAVE READ THIS AGREEMENT CAREFULLY, and completed Exhibit A and/or B if applicable. I UNDERSTAND and agree to ITS TERMS.

/s/ Richard Beckert 3/31/2017
RICHARD BECKERT DATE

TRINET GROUP, INC.

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into by and between EDWARD GRIESE (the "**Executive**," "**you**" or "**your**") and TriNet Group, Inc., a Delaware corporation (the "**Company**"), on December 28, 2016. This Agreement amends, supersedes and terminates any and all prior agreements with respect to your employment terms and severance benefits, without limitation, including but not limited to, any oral or written offers or summaries of employment terms (the "**Previous Agreements**"), and no benefits of any sort shall be paid under said Previous Agreements.

1. EMPLOYMENT BY THE COMPANY

1.1 Title and Responsibilities. Subject to the terms set forth herein, and effective on the date on which you commenced your employment with the Company (the "**Effective Date** "), you will be employed as the **Senior Vice President, Insurance Services** , of the Company and you will report to the Chief Executive Officer. During your employment with the Company, you will devote your best efforts and substantially all of your business time and attention (except for vacation periods and reasonable periods of illness or other incapacity permitted by the Company's general employment policies) to the business of the Company. Within this relationship, you shall be expected to perform those duties the Company requires, within the bounds of its policies and the law, to the highest professional and ethical standards. Notwithstanding the foregoing, it is acknowledged and agreed that you may engage in civic and not-for-profit activities and/or serve on the boards of directors of non-competitive private or public companies; provided, in each case that such activities do not materially interfere with the performance of your duties hereunder and prior approval is obtained from the Chief Legal Officer of the Company.

1.2 At-Will Employment. Your relationship with the Company is at-will. The Company will have the right to terminate this Agreement and your employment with the Company at any time with or without cause, and with or without advance notice. In addition, the Company retains the discretion to modify the terms of your employment, including but not limited to position, duties, reporting relationship, office location, compensation, and benefits, at any time. Your at-will employment relationship may only be changed in a written agreement approved by the Board and signed by you and a member of the Board (or a duly authorized officer of the Company). You also may be removed from any position you hold in the manner specified by the Bylaws of the Company and applicable law.

1.3 Company Employment Policies. The employment relationship between the parties will be governed by the general employment policies and procedures of the Company, including those relating to the protection of confidential information and assignment of inventions, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or procedures, this Agreement will control.

2. COMPENSATION.

2.1 Salary & Sign-on Bonuses. Commencing on the Effective Date, you will earn a starting base salary at an annualized rate of Three Hundred and Fifty Thousand Dollars (\$350,000.00),

payable semi-monthly on the Company's standard payroll dates, less any payroll deductions and all required taxes and withholdings. You will be considered for annual adjustments in base salary in accordance with Company policy and subject to review and approval by the Compensation Committee of the Board (the "**Committee**"). This is a full-time, exempt position and you are expected to work the Company's normal business hours and such additional time as may be required by the nature of your work assignments (for which you will not be eligible for overtime compensation). You were also eligible to receive an initial sign-on bonus of Thirty Thousand Dollars (\$30,000), which was paid, less any payroll deductions and all required taxes and withholdings, in the first regular Company payroll following the Effective Date. You were also eligible to receive a second sign-on bonus of Ten Thousand Dollars (\$10,000), which was paid, less any payroll deductions and all required taxes and withholdings, in the first regular Company payroll of July 2016. In the event that you voluntarily terminate your employment within one year of the date of the payment of either sign-on bonus, you will be responsible for immediate repayment of such sign-on bonus in full to the Company.

2.2 Equity Awards. The parties agree that, in exchange for acceptance of the offer of employment and the execution of this Agreement, after the Effective Date, the Chief Executive Officer will recommend to the Board a grant of time-vested restricted stock units to be settled in shares of the Company's Common Stock in the amount of One Hundred Thousand (100,000) restricted stock units (the "**RSU Award**"). Said RSU Award shall be made pursuant to the Company's standard forms and agreements and shall be subject to the Company's standard four-year vesting schedule for new hires, 1/4th of the total shares subject to the RSU Award (rounded down to the nearest whole share) shall vest on the first anniversary of the date of the grant, and thereafter 1/16th of the total shares subject to the RSU Award (rounded down to the nearest whole share, except for the last vesting installment) shall vest on the 15th day of the second month of each calendar quarter after such first anniversary, in each case conditioned on the recipient's Continuous Service (as defined in the Company's equity incentive plan) through each such vesting date. The RSU Award will be subject to the terms and conditions of the Company's equity incentive plan and the grant agreements. Approval of the recommendation of the RSU Award is in the sole and unreviewable discretion of the Board and/or the Committee.

2.3 Target Variable Compensation. Each year, you will be eligible to earn an annual performance-based variable compensation amount based on the achievement of corporate and individual performance goals established by the Company and subject to approval by the Committee, with the target amount for such variable compensation established in the Company's annual executive incentive compensation plan (the "**Target Variable Compensation**"). For 2016, your Target Variable Compensation is One Hundred and Seventy-Five Thousand Dollars (\$175,000), and will be prorated based on your actual service period for the year. Achievement against goals and the actual amount of the Target Variable Compensation earned will be determined by the Company, in its sole discretion, and will be subject to the approval of the Committee. You must remain an active employee throughout the full time period for which the Target Variable Compensation is paid, and for which time period the Company and the Committee assesses performance and the related compensation amounts, and you must be employed and in good standing on the date of Target Variable Compensation distribution, in order to earn and be paid any such compensation amount. Any earned Target Variable Compensation, shall be paid within thirty (30) days following its determination and approval by the Committee.

2.4 Company Benefits.

(a) Standard Company Benefits. You will be eligible to participate in the Company's standard employee benefits plans that are available to employees generally, as in effect from time to time, subject to the terms and conditions of such plans.

(b) Financial Planning and Tax Services. The Company will reimburse you for up to Ten Thousand Dollars (\$10,000) annually for reasonable financial planning and/or income tax services, subject in each case to applicable tax withholdings and submission of the necessary receipts within thirty (30) days after the incurrence of the expense.

(c) Relocation Assistance. Your employment is expected to be based in Bradenton, Florida (the "Designated Location"). It is agreed that you will relocate to the Designated Location no later than March 31, 2017. In connection with your relocation from your current place of residence to the Designated Location, if necessary, you will be eligible to reimburse verified relocation expenses of up to One Hundred Thousand Dollars (\$100,000), less any payable deductions and all required taxes and withholdings (the "Relocation Expenses"). Relocation Expenses generally include realtor expenses incurred in the sale and/or purchase of a home, shipment of household items, reasonable travel to locate new housing, and similar expenses and should be incurred no later than March 31, 2017, provided, however, that in the event that the sale of your current residence has not closed prior to March 31, 2017, you may nonetheless be reimbursed for realtor expenses incurred in the sale of your residence or shipment of household items provided that you have not otherwise been reimbursed for the maximum Relocation Expenses. You may also be reimbursed for lease payments on an apartment at the Designated Location, through March 31, 2017 as part of the Relocation Expenses, provided that you have not otherwise been reimbursed for the maximum Relocation Expenses. You will be responsible for any taxes associated with payment to you of any such reimbursements. In the event that you either (A) fail to relocate to the Designated Location by March 31, 2017, or (B) voluntarily terminate your employment with the Company within one year of your relocation to the Designated Location, you will be responsible for immediate repayment in full to the company for any Relocation Expenses previously reimbursed to you by the Company.

(d) Severance Benefits. On the Effective Date, you will be eligible to participate in the TriNet Group, Inc. Severance Benefit Plan (the "**Severance Plan**"), a copy of which will be provided to you, and which shall be the only severance benefits from the Company to which the Executive shall be entitled. In order to receive any severance benefits under the Severance Plan, you are required to return a signed copy of the Participation Notice, which is attached as Exhibit A to the Severance Plan, to the Chief Legal Officer.

2.5 Expense Reimbursements. For the avoidance of doubt, to the extent that any reimbursements payable by the Company to you under this Agreement or otherwise are subject to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and the right to reimbursement will not be subject to liquidation or exchange for another benefit.

3. CONFIDENTIAL INFORMATION. As a condition of your continued employment, you must sign and comply with the Employee Confidential Information and Inventions Assignment Agreement (the "**Confidential Information Agreement**") attached hereto as Appendix A.

[Remainder of page intentionally left blank]

IN **WITNESS WHEREOF**, the parties have executed this employment agreement effective as of the Effective Date.

TRINET GROUP, INC.

/s/ Burton M. Goldfield

BURTON M. GOLDFIELD
President & Chief Executive Officer

EXECUTIVE

/s/ Edward Griesse

EDWARD GRIESE

APPENDIX A

PROPRIETARY INFORMATION AND INVENTION AGREEMENT (PIIA) CHR

As part of the consideration for my employment or my continued employment and the compensation now or hereafter paid to me, including, but not limited to, salary, bonus awards, or other type of compensation, I agree as follows:

1. Maintaining Confidential Company Information . I will not, during and after my employment with TriNet HR Corporation or any of its successors, subsidiaries, assigns, related companies and divisions (collectively, the “Company”), (i) directly or indirectly disclose to any person or entity, or use, except for the sole benefit of the Company, any of the Company’s confidential or proprietary information or trade secrets (collectively, “Company Information”) or (ii) publish or submit for publication, any article or book relating to the Company, its development projects, or other aspects of Company business, without the prior written permission from the Company’s Chief Legal Officer. By way of illustration and not limitation, Company Information shall include the Company’s trade secrets; research and development plans or projects; data and reports; computer materials such as software programs, instructions, source and object code, and printouts; products prospective products, inventions, developments, and discoveries; data compilations, development databases; business improvements; business plans (whether pursued or not); ideas; budgets; unpublished financial statements; licenses; pricing strategy and cost data; information regarding the skills and compensation of other employees of the Company; the personally identifying and protected health information of other employees of the Company, including worksite employees of TriNet customers; lists of current and potential customers of TriNet; strategies, forecasts and other marketing information and techniques; employment and recruiting strategies and processes; sales practices, strategies, methods, forecasts, compensation plans, and other sales information; investor information; and the identities of the Company’s suppliers, vendors, and contractors, and all information about those supplier, vendor and contractor relationships such as contact person(s), pricing and other terms. The definition of Company Information shall include both “know-how” (i.e., information about what works well) and “negative know-how” (i.e., information about what does not work well). I further acknowledge and recognize that all Company Information is confidential and proprietary, and shall remain the exclusive property of the Company. To the extent that I have any question as to whether something constitutes Company Information, I agree to obtain the express written permission of my manager before using or disclosing the information in any way. Notwithstanding the foregoing, I understand that the restrictions on my disclosure or use of Company Information described in this paragraph shall not limit in any way any right I may have to disclose or use information pursuant to the National Labor Relations Act (if I am a United States employee) or any other applicable law.

2. Third Party Information . I understand that the Company has in the past received, and in the future may receive from third parties, confidential or proprietary information (“Third Party Information”), subject to a duty on the Company’s part to maintain the confidentiality of such information and to use it only for certain limited purposes. During and after my employment with the Company, I will hold all Third Party Information received by me in the strictest confidence and will not disclose it to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use it, except in connection with my work for the Company.

3. No Improper Use of Information of Prior Employers and Others . During my employment with the Company, I will not improperly use or disclose any confidential information or trade secrets of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring on to Company premises or equipment any proprietary or confidential information or property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. I will use in the performance of my duties

only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. For California employees only: I certify that I have read and completed the Limited Exclusion Notification attached as Exhibit A.

4. Return of Company Property. When I leave the employ of the Company, I will deliver to the Company (and will not keep in my possession, copy, recreate or deliver to anyone else in whole or in part) any and all items including but not limited to files, drawings, notes, notebooks, memoranda, specifications, records, business plans and forecasts, financial information, sales materials, customer and prospective customer lists, reports, programs, proposals, specifications computer-recorded information (including emails), tangible property (including but not limited to laptop/desktop computers, flash drives, CD-ROMs, cell phones, blackberries, tablets and other PDA devices), building entry/access cards, identification badges and keys, devices, and documents, together with all copies thereof (in whatever medium recorded) and any other property or material containing or disclosing Company Information or Third Party Information. I further agree that any property owned by the Company, wherever located, including disks and other storage media, computers, filing cabinets, desks/desk drawers, or lockers, is subject to inspection by Company personnel at any time during my employment and after, with or without notice.

5. No Conflicting Employment; Solicitation Restrictions. While employed by the Company, I will not, without the Company's prior written consent, directly or indirectly engage in any employment, consulting, or other activity which creates or is likely to create an actual or a potential conflict of interest with my employment at the Company or conflict with any of my obligations under this Agreement. In addition, during any period in which I am employed by the Company and for a period of one year thereafter, I shall not directly or indirectly, for myself or on behalf of any other person or entity, in any manner or capacity whatsoever, solicit, approach, recruit, interview, offer to hire or attempt to hire, or in any manner endeavor to entice away any person who is employed by or associated with the Company as an employee, independent contractor or agent. Finally, during any period in which I am employed by the Company and for a period of one year thereafter, I shall not directly or indirectly, for myself or on behalf of any other person or entity, whether as an employee, owner, part-owner, shareholder, officer, director, trustee, partner, member, sole proprietor, consultant, agent, representative, or in any other manner or capacity whatsoever, use Company Information to attempt to call on, solicit or take away any clients or prospects of the Company except on behalf of the Company.

6. Ownership of Discoveries & Results and Proceeds. Any inventions (whether or not patentable), discoveries, improvements or works of authorship made by me, alone or jointly with others, and all results and proceeds of my services to the Company ("Results and Proceeds") at any time during my employment by the Company which are made, conceived, reduced to practice or learned by me in the course and scope of my employment or with the use of the Company's time, materials or facilities, or relating to any subject matter with which my work for the Company is concerned, are hereby irrevocably and unconditionally assigned to the Company for its benefit and shall be the exclusive property of the Company. Any copyrightable subject matter included in the Results and Proceeds shall be "works made for hire" as that phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et seq.). If it is ever determined that any Results and Proceeds cannot be considered "works made for hire" or otherwise cannot be fully assigned to the Company under applicable law, I hereby grant to Company in perpetuity and on an exclusive and irrevocable basis all worldwide rights of every kind and nature, whether now known or hereafter recognized, in and to such Results and Proceeds to the maximum extent permitted by applicable law. Without limitation of the foregoing, Company has the exclusive right to obtain and own all patents and copyright registrations with respect to such Results and Proceeds. Neither the expiration nor the termination of this Agreement shall affect the Company's ownership of or rights in the Results and Proceeds or any intellectual property rights therein. To facilitate the determination of whether any invention, discovery, improvement or work of authorship is properly transferable to the Company, I will promptly advise it of all inventions, discoveries, improvements or works of authorship made, conceived,

reduced to practice or learned by me during the term of my employment and for six months after termination of my employment. I understand that my obligations under this paragraph 6 do not apply to any invention that qualifies fully as a non-assignable invention under Section 2870 of the California Labor Code, as explained in Exhibit A, or any law of any other jurisdiction of similar effect, in each case, to the extent applicable to my inventions. I have completed Exhibit B, which lists all inventions, improvements and other works ("Pre-existing Work") that I have alone or jointly with others, conceived, developed, reduced to practice prior to the commencement of my employment with the Company, that I consider to be my property or the property of third parties. I hereby represent and warrant that there is no Pre-existing Work other than as set forth in Exhibit B. If Exhibit B is not completed, there is no Pre-existing Work for which I claim ownership. I agree that I will not incorporate any Pre-existing Work into any Company works without first obtaining the express, written approval of the Company in each case. To the extent that I incorporate any Pre-existing Work into any Company works, I hereby represent and warrant that I have all necessary rights and authority to do so and hereby grant to Company the perpetual, irrevocable, non-exclusive, worldwide, royalty-free and sublicensable right to use and exploit such Pre-existing Work for any and all purposes in connection with the Company's and its affiliates' and their respective successors' and assigns' current and future businesses.

7. Perfection and Enforcement of Proprietary Rights. I will assist the Company in every proper way at the Company's request and direction to obtain, perfect and enforce United States and foreign patent, copyright, mask work and other intellectual property rights ("Proprietary Rights") relating to Company Information and/or Results and Proceeds in any and all countries. Without limiting the generality of the foregoing, I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. My obligation to assist the Company pursuant to this paragraph 7 shall continue following the termination of my employment, but the Company shall compensate me at a reasonable rate to be determined by the Company consistent with its ordinary practices after my termination for the time actually spent by me at the Company's request for such assistance. If the Company or its designee is unable because of my mental or physical incapacity or unavailability or for any other reason to obtain my signature for any document required by this paragraph 7, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such documents with the same legal force and effect as if originally executed by me.

8. No Continued Employment; Exit Interview. I understand that my employment with the Company is at-will and that this Agreement does not confer any right of continued employment by the Company, and does not limit in any way the Company's right or my right to terminate my employment at any time, with or without cause. In the event my employment with the Company terminates for any reason, I will, if requested, participate in an exit interview with the Company and reaffirm in writing my obligations as set forth in this Agreement. I agree to provide the Company with the name and address of my new employer, and consent to the Company's notification to my new employer of my rights and obligations under this Agreement.

10. Legal and Equitable Remedies. I recognize that my violation of this Agreement exposes the Company to irreparable harm and that the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond, and without prejudice to any other rights and remedies (including recovery of monetary damages) that the Company may have for a breach of this Agreement.

11. Entire Agreement. This Agreement sets forth the final, complete and exclusive agreement and understanding between the Company and me relating to the subject matter hereof and supersedes all prior agreements, promises, representations or inducements between the Company and me that concern the

subject matter of this Agreement. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged.

12. Severability. If one or more of the provisions in this Agreement are deemed unenforceable by law, then the remaining provisions will continue in full force and effect. Moreover, if any one or more of the provisions contained in this Agreement shall be held to be excessively broad or partially invalid, illegal or unenforceable, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear. I agree that a court may rewrite, revise, or edit this Agreement to make it enforceable.

13. Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company and its successors and its assigns.

14. Survival. The provisions of this Agreement shall survive the termination of my employment, regardless of the reason for the termination, and the assignment of this Agreement by the Company to any successor in interest or other assignee.

15. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

16. Change in Employment. I agree that any subsequent change in my duties, title, salary or compensation will not affect in any respect the validity, enforceability, or scope of this Agreement.

17. Governing Law. This Agreement will be governed by the laws of the State of California, without regard to conflicts of law principles.

I HAVE READ THIS AGREEMENT CAREFULLY, and completed Exhibit A and/or B if applicable. I UNDERSTAND and agree to ITS TERMS.

By : /s/ Edward Griesse

Name : EDWARD GRIESE

Date: 1/22/16

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Burton M. Goldfield, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TriNet Group, 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 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 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: July 31, 2017

/s/ Burton M. Goldfield

Burton M. Goldfield

President and Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Beckert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TriNet Group, 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 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 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: July 31, 2017

/s/ Richard Beckert

Richard Beckert

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 Quarterly Report of TriNet Group, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the period ending June 30, 2017 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 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 when
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

Date: July 31, 2017

/s/ Burton M. Goldfield

Burton M. Goldfield

Chief Executive Officer

Date: July 31, 2017

/s/ Richard Beckert

Richard Beckert

Chief Financial Officer