

2026

Letters to Shareholders



A Letter from our Independent Board Chair



Fellow Shareholders,

Fiscal year 2026 was another year of strong performance for ADP. We executed with discipline and delivered durable value to our shareholders, clients, and associates while advancing our commitment to strong governance, shareholder engagement, and innovation.

As part of this commitment, we have continued to invest in building the future of work.

Throughout ADP's 77-year history, change has been a constant. The world of work has continuously evolved, and we have played a critical role in its evolution. We were the first in Human Capital Management (HCM) to deliver automation, move to the cloud, provide a mobile app, and create an online marketplace, and each of these innovations changed how businesses operate. Now, we are doing it again as artificial intelligence (AI) drives another profound shift in workplaces of every size and scale.

Every day, we see how AI is making workforce management more complex. As organizations redesign their processes, navigate evolving regulations, and seek new ways to support their people, they need a trusted partner who can help them manage this complexity with confidence.

ADP is uniquely positioned to fulfill that role. AI alone cannot execute high-stakes HCM functions with the level of accuracy and consistency required — and that is precisely where our industry-leading workforce data, deep domain expertise, and decades of brand trust set us apart from the competition and provide a clear advantage. The Board is looking forward to this new chapter and growth in the years ahead.

Longstanding Commitment to Shareholders

The Board remains focused on disciplined capital allocation and creating sustainable long-term shareholder value. Our approach has been consistent for decades: invest in the business to support innovation and growth, maintain a strong balance sheet, and return excess capital to our shareholders. We believe this balanced framework positions ADP to create value across a variety of economic and market environments.

Fiscal year 2026 provided another example of that approach in action. We continued investing in strategic growth initiatives, product innovation, and operational excellence — including advancing our AI capabilities across our products, internal tools, and service delivery — while returning \$4.7 billion to shareholders through dividends and share repurchases. We also enhanced our financial flexibility through a \$1 billion bond offering, allowing us to support elevated share repurchase activity while maintaining our highly rated balance sheet.

51

consecutive years of
dividend increases

Additionally, ADP's Board increased the dividend for the 51st consecutive year. Few companies have achieved this level of consistency in shareholder value creation. We view this milestone as evidence of the durability of our business model, the strength of our cash generation, and our confidence in ADP's long-term opportunities.

Governance and Board Evolution

ADP continues to evolve, and the same is true for our Board. We are pleased to announce the nominations of David W. Kenny and Nancy McKinstry to the Board. David contributes significant expertise in technology, artificial intelligence, data and analytics, and consumer insights, complemented by decades of executive leadership experience, including as a CEO. Nancy brings extensive global operating and business leadership experience as the former CEO of a large public company, along with a strong global perspective, strategic insight, and technology expertise. Each is a transformational business leader.

5.5 years

Average tenure of independent director nominees

Today, our Board reflects a thoughtful balance between deep institutional knowledge and fresh, forward-looking insight. This breadth strengthens our ability to oversee strategy and risk as the company continues to grow and innovate. We also take this opportunity to thank David Goeckeler, who is not seeking re-election this year, for his significant contributions to the Board and to ADP. Over the past five years, David has provided valuable insights as the Board has navigated a dynamic business and technology landscape.

Responsible Innovation and Stewardship of Data

Trust is foundational to ADP. Our clients depend on us to safeguard highly sensitive workforce data, and we take our role as stewards of that data with the utmost importance. Our approach balances disciplined governance with decisive action, maintaining the highest standards of privacy, security, and compliance while driving innovation.

We continue to invest in innovation across our platforms, including advancements in digital capabilities, service delivery, and AI while holding ourselves to rigorous standards. We maintain a responsible AI program, grounded in ADP's commitment that responsible AI is core to the development of AI-enabled products and services. Our Board is actively engaged in overseeing our AI strategy, governance, and risk management framework, and our compliance-by-design approach integrates privacy, security and ethics principles that are foundational to how we build and deploy AI across ADP. We apply the same standards to our partners and, across all initiatives, our commitment is unchanged — innovation at ADP strengthens and never compromises client trust. As AI regulation expands globally, our governance infrastructure is more than a compliance requirement; it is a genuine advantage for clients who need a partner they can rely on when the stakes are high.

Looking Ahead

As we look to the future, we remain confident in ADP's ability to deliver sustainable, long-term growth. Work is being redesigned at the task level. Roles are evolving, new opportunities are emerging, and the need for expertise, compliance, and trusted HCM infrastructure has never been greater. The Board believes that ADP is well positioned to navigate an increasingly dynamic and complex environment, supported by its strong financial foundation, trusted client relationships, disciplined execution, and commitment to innovation.

We continue to value input from our shareholders. During fiscal year 2026, we invited shareholders representing nearly half of our shares outstanding to discuss our strategy, corporate governance, and executive compensation programs. We also held meetings with shareholders representing over 30% of our shares outstanding, including more than 70 meetings with our top 50 shareholders, to discuss business performance and seek feedback. Maintaining an open dialogue with our shareholders remains a priority for the entire Board.

On behalf of the Board, thank you for your engagement, your trust, and your continued investment in ADP.

Sincerely,



A handwritten signature in dark ink that reads "Tom Lynch".

Thomas J. Lynch
Independent Board Chair of ADP

A Letter from our CEO



To our Shareholders,

Human Capital Management (HCM) is about helping organizations manage the workforce infrastructure that makes business possible, whether you are a global Fortune 500 company or a small local business. That has always been ADP's driving mission, and it has never been more important than it is today.

In the last several years, AI has started to transform the world of work. Our data and our research with the Stanford Digital Economy Lab show that, rather than eliminating jobs at scale, AI is reshaping how work gets done, what roles look like, how teams are organized, and how companies evolve their workforce for the future. That redesign requires more expertise, more precision, and more trusted infrastructure. As AI opens the door to endless possibilities, it brings a wave of new regulations, adding layers of complexity for our clients as they manage their people, benefits, and payroll.

Today's clients need more than technology. They need a reliable HCM partner who can decode the puzzle and help them manage their high-stakes functions with accuracy, compliance, and confidence. They need a partner who is on time, every time — because in HCM, there is no room for error.

ADP is purpose-built for this moment. For 77 years, the world's leading organizations have turned to us for guidance. We bring together the regulatory discipline, data scale and integrity, process intelligence, and human expertise needed to build AI into the very core of our HCM, and we are proud to help design a future of work that is easy, smart, and human.

Strong Performance, Strong Demand

In fiscal year 2026, we delivered strong results with 7% revenue growth and 10% growth in diluted earnings per share. We also increased our dividend for the 51st consecutive year, remaining among a select group of publicly traded US companies with 50 or more consecutive years of dividend increases.

Strong execution by our sales force produced 6% growth in Employer Services new business bookings to a new record of \$2.2 billion. Employer Services client revenue retention remained strong at 92.1% for the year, and our client satisfaction scores reached new all-time highs for the third consecutive year, underscoring the strength of our client relationships, the service excellence of our associates, and the effectiveness of our product investments. Our Retirement Services business also surpassed \$1 billion in annual revenue in fiscal year 2026, representing a significant milestone. Our PEO and HR Outsourcing businesses also remained important growth drivers, demonstrating the value clients place on ADP's ability to deliver expert guidance and scalable workforce solutions through a differentiated technology-enabled platform.

These results reflect more than operational excellence. They reflect growing demand from organizations seeking a trusted partner to help them navigate one of the most significant workforce transitions of our time.

Fiscal Year 2026 Business Highlights

1.1M+

Clients served

42M+

Workers paid globally

7%

Revenue growth

10%

Diluted EPS growth

6%

Employer Services new
business bookings growth

92.1%

Employer Services client
revenue retention

\$4.7B

Shareholder distributions

\$2.6B

Dividends

\$2.1B

Share repurchases

ADP Is Uniquely Positioned

Our position today is built on structural advantages that have been strengthened over decades and become even more valuable in the AI era.

Industry-Leading Workforce Data

ADP serves more than 1.1 million clients and captures payroll, HR, and compliance transactions for over 42 million workers globally. In the United States, we pay approximately one out of every six workers, and we moved \$3.5 trillion in fiscal year 2026. This provides unparalleled visibility into workforce trends across industries, geographies, and job categories. AI is only as powerful as the data behind it, and ours is connected to real-world outcomes across millions of workers, employers, and workforce decisions every day. This is a level of workforce intelligence that no other HCM company can match, and it makes our AI more grounded in how work actually gets done.

Global Scale and Execution

Data alone is not enough. ADP's global infrastructure extends across more than 140 countries and territories and includes direct connections to tens of thousands of government entities, tax authorities, regulatory bodies, and financial institutions around the world. This "final mile" ecosystem helps clients execute critical payroll, tax, compliance, and workforce processes with precision and confidence. As AI accelerates regulatory complexity and fragmentation, these capabilities become even more valuable.

Deep Domain Expertise

While technology matters, so too, does expertise. Our 77 years of experience are embedded throughout our products, services, and workflows. We understand the nuances of payroll, HR, compliance, tax administration, and workforce management because we help clients navigate them every day. That institutional knowledge is a competitive advantage that cannot be easily replicated.

Human Judgment at Scale

Payroll, compliance, and workforce management are mission-critical functions where accuracy, consistency, and accountability are non-negotiable. As AI becomes more prevalent, the importance of getting those outcomes right only increases. We believe the future belongs to organizations that effectively combine technology with human expertise. AI can automate repetitive tasks, improve productivity, and surface actionable insights. But when organizations face important workforce decisions, regulatory complexity, or unprecedented situations, human judgment remains essential. Our strategy is straightforward: AI handles what can be automated. Our people handle what it cannot.

Building the Next Generation of HCM

Our investments in innovation accelerated throughout fiscal year 2026, and we are beginning to see the results.

ADP Assist expanded across our client base, supporting more than 3 million active users and over 12 million interactions during the year. We grew our AI capabilities across payroll, HR, benefits, and compliance while recently integrating ADP Assist into the broader client technology ecosystem through the ADP Marketplace. More importantly, it is delivering measurable outcomes: payroll agents are saving an average of 30 minutes per payroll, smart actions search is reducing time spent by 80% for common HR actions, and nearly 45,000 compliance insights were surfaced to thousands of clients this year, enabling them to review and take action on tax and regulatory issues before they become a problem.

Our next-generation enterprise platform, ADP Lyric HCM, also continued building momentum globally, with the number of live clients increasing 94% from a year ago. Additionally, our AI-infused client service platform, The Zone, transformed how our associates support clients by combining data, expertise, and recommendations into a more intelligent service experience. At the start of fiscal year 2026, 10% of our service population had access to The Zone. It now equips nearly half, with 96% of their service work taking place on the platform, leading to an overall 4% decrease in contacts per client in the year. Against millions of client contacts annually, this is a meaningful indicator that our teams are beginning to spend less time on administrative tasks and more time on tasks that add value to clients.

Across all these investments, our philosophy remains unchanged: Technology should be easy to use, smart enough to create meaningful value, and fundamentally human in how it empowers people.

Trust Matters More Than Ever

Trust is one of ADP's most enduring competitive advantages. Since 1949, clients have relied on us to execute their most essential HCM processes through periods of change and complexity. That trust was earned by decades of doing the hard things right, quarter by quarter, payroll by payroll, without exception. As AI changes what is possible in HCM, that standard does not change. That is why we build the way we do and remain committed to ensuring that innovation never comes at the expense of integrity. As the world of work continues to evolve at an accelerating pace, trust becomes an increasingly powerful differentiator.

Looking Ahead

Our research shows that work is being redesigned at the task level. Roles are evolving, new opportunities are emerging, and organizations are rethinking how people and technology work together. Employers have two priorities right now: upskilling today's workers and preparing their organizations for what comes next.

As we look ahead, I have never been more confident in ADP's future. We have the data, expertise, technology, global reach, and trusted relationships necessary to help organizations navigate this defining moment for work. The performance we delivered in fiscal year 2026 is ultimately a reflection of the 67,000 ADP associates who bring our purpose to life every day. Their expertise, commitment, and passion for helping clients navigate complexity remain our greatest competitive advantage.

Work is changing. Our mission is the same.

We will continue to help businesses and their people thrive, just as we have for generations.

Thank you for your investment and continued interest in ADP.

Sincerely,



A stylized, handwritten signature in black ink.

Maria Black
Chief Executive Officer, ADP

Forward-Looking Statements

These letters and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “outlook,” “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could,” “is designed to” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and depend upon or refer to future events or conditions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements or that could contribute to such difference include: ADP’s success in obtaining and retaining clients, and selling additional services to clients; the pricing of products and services; the success of our new solutions; our ability to respond successfully to changes in technology, including artificial intelligence; compliance with existing or new legislation or regulations; changes in, or interpretations of, existing legislation or regulations; overall market, political and economic conditions, including interest rate and foreign currency trends and inflation; competitive conditions; our ability to maintain our current credit ratings and the impact on our funding costs and profitability; security or cyber breaches, including as a result of artificial intelligence, fraudulent acts, and system interruptions and failures; employment and wage levels; availability of skilled associates; the impact of new acquisitions and divestitures; the impact of any uncertainties related to major natural disasters or catastrophic events; and supply-chain disruptions. The factors identified above are not exhaustive. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These risks and uncertainties, along with the risk factors discussed under “Item 1A. Risk Factors” of our most recent Annual Report on Form 10-K, and in other written or oral statements made from time to time by ADP, should be considered in evaluating any forward-looking statements contained herein.