

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2003

OR

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

Commission file number 1-5397

AUTOMATIC DATA PROCESSING, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

22-1467904

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

One ADP Boulevard, Roseland, New Jersey

(Address of principal executive offices)

07068

(Zip Code)

Registrant's telephone number, including area code: 973-974-5000

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

Title of each class
Common Stock, \$.10 Par Value
(voting)

Name of each exchange on which registered
New York Stock Exchange
Chicago Stock Exchange
Pacific Stock Exchange

Liquid Yield Option Notes due 2012

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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 the filing requirements for the past 90 days. Yes [x] No []

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [x] No []

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of the last trading day of the Registrant's most recently completed second fiscal quarter was approximately \$23,534,103,946. On August 31, 2003, there were 594,883,230 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's 2003 Annual Report to Shareholders.

Parts I, II & IV

Portions of the Registrant's Proxy Statement for Annual Meeting of Stockholders to be held on November 11, 2003.

Part III

Part I

Item 1. Business

Automatic Data Processing, Inc., incorporated in Delaware in 1961 (together with its subsidiaries “ADP” or the “Registrant”), is one of the largest providers of computerized transaction processing, data communication and information services in the world. For financial information by segment and by geographic area, see Note 13 of the “Notes to Consolidated Financial Statements” contained in ADP’s 2003 Annual Report to Shareholders, which information is incorporated herein by reference. *The Registrant’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, Proxy Statement for its Annual Meeting of Stockholders and Annual Report to Shareholders are made available, free of charge, on its website at www.adp.com as soon as reasonably practicable after such reports have been filed with or furnished to the Securities and Exchange Commission.* The following summary describes ADP’s activities.

Employer Services

Employer Services offers a comprehensive range of payroll processing, human resource (“HR”) and benefits administration products and services, including traditional and Web-based outsourcing solutions that help over 460,000 employers in North America, Europe, South America (primarily Brazil), Australia and Asia staff, manage, pay and retain their employees. Employer Services markets these products and services through its direct marketing sales force and, on a limited basis, through indirect sales channels, such as marketing relationships with banks, accountants and online companies. In fiscal 2003, 90% of Employer Services’ revenues were from North America, 9% were from Europe and 1% was from South America (primarily Brazil), Australia and Asia.

Employer Services’ approach to the market is to match a client’s needs with the product that will best meet expectations. To facilitate this approach, in North America, Employer Services is comprised of the following groups: Small Business Services (which was previously known as Emerging Business Services) (“SBS”) (primarily companies with fewer than 50 employees); Major Accounts (primarily companies with between 50 and 999 employees); and National Accounts Services (primarily companies with 1,000 or more employees).

SBS processes payroll for smaller companies and provides them with leading solutions, including a range of value-added services that are specifically designed for small business clients. Major Accounts and National Accounts Services offer a full suite of best-of-breed employer services solutions, including full database and other functional integration between payroll and HR for clients ranging from mid-sized through many of the world’s largest corporations. In fiscal 2003, ADP expanded its presence in its National Accounts Services market through its acquisition of ProBusiness Services, Inc., a provider of comprehensive payroll, tax filing and HR processing services to large companies in the United States.

In some cases, ADP provides system solutions for its clients’ entire human resource, payroll and benefits needs. Through ADP Connection[®], ADP can enable its largest clients to interface their major enterprise resource planning applications with ADP’s outsourced payroll services. For those companies that choose to process these applications in-house, ADP delivers stand-alone services such as payroll tax filing, check printing and distribution and year-end tax statements (*i.e.*, W-2s). Other large clients rely on ADP to design and deliver customized human resource information systems and benefits outsourcing solutions.

In North America, ADP provides payroll services that include the preparation of client employee paychecks and electronic direct deposits, along with supporting journals, summaries and management reports. ADP also supplies the quarterly and annual social security, medicare and federal, state and local income tax withholding reports required to be filed by employers and employees. In Europe, South

America (primarily Brazil), Australia and Asia, Employer Services provides full departmental outsourcing of payroll services.

The ADP Financial and Compliance Services business (which was previously known as ADP Tax and Financial Services) processes and collects federal, state and local payroll taxes on behalf of, and from, ADP clients and remits such taxes to the appropriate taxing authorities. The ADP Financial and Compliance Services business is also responsible for the efficient movement of funds and information from clients to third parties through service offerings such as new hire reporting, ADP's TotalPay™ payroll check (ADPCheck™), full service direct deposit (FSDD) and, in conjunction with major bank partners, stored value payroll card (TotalPay Card) products and the collection and payment of wage garnishments. The ADP Financial and Compliance Services business supports large, mid-sized and small clients. It provides an electronic interface between approximately 364,000 ADP clients in the United States and Canada and about 2,000 federal, state, provincial and local tax agencies, from the Internal Revenue Service to local town governments. In fiscal 2003, the ADP Financial and Compliance Services business printed and delivered approximately 38 million year-end tax statements in North America and moved over \$620 billion in client funds to taxing authorities and its clients' employees via electronic transfer, direct deposit and ADPCheck.

ADP's HR services, by interfacing with a client's payroll database, provide comprehensive HR recordkeeping services, including benefits administration and outsourcing, applicant tracking, employee history and position control. ADP's Benefits Services provides benefits administration across all market segments, including management of the open enrollment of benefits, COBRA and flexible spending account administration, Section 529 College Savings Plan administrative services and 401(k) recordkeeping. In fiscal 2003, ADP greatly expanded its retirement services business through its acquisition of the retirement services recordkeeping operations of Scudder Investments, making ADP the 4th largest recordkeeper of retirement plans in the United States (based on number of plans).

ADP TotalSource, ADP's professional employer organization ("PEO") business, provides clients with comprehensive employment administration outsourcing solutions, including payroll, tax filing, employee background checks, HR guidance, 401(k) plan administration, benefits administration, regulatory compliance services, workers' compensation insurance and supplemental benefits for employees. ADP TotalSource, the second largest PEO in the U.S. (based on the number of worksite employees), has 29 offices located in fifteen states and serves over 3,800 PEO clients and over 85,000 work-site employees in all 50 states.

ADP complements its payroll and HR services with additional employer services that include products such as time and labor management, pre-employment screening and selection services and unemployment compensation management. In fiscal 2003, ADP expanded its service offerings by acquiring the assets of the SMS companies, leading providers of job tax credit services that assist employers in the identification of, and filing for, special tax credits based on geography, demographics and other criteria.

During fiscal 2003, ADP continued the process of Web-enabling existing product offerings, while at the same time creating new products expressly designed for the Internet. ADP's Internet offerings now include its EasyPayNetSM Web-based payroll solution for SBS clients, Pay eXpert[®] Web-based payroll solution for Major Accounts clients and its PayForceSM Web-based payroll solution and Enterprise HRMS integrated HR, payroll and benefits solution for National Accounts Services clients, all of which feature Web-based employer self-service capabilities. Further, during fiscal 2003, ADP continued its rollout of its new TotalChoiceSM Solutions Web-based payroll solution, a fully-integrated, Web-native human resource

and payroll management solution hosted by ADP that was originally launched in fiscal 2002. For benefits administration, ADP offers Benefits eXpertSM, a Web-based benefits administration and employee self-service solution that allows mid-sized companies in Major Accounts to manage more efficiently their employees' health and welfare benefits. For large clients, ADP Benefit Services offers a Web-based COBRA administrative solution, as well as employee self-service applications for open-enrollment, flexible spending account administration and other employee-administered benefit options.

The continued increase in the number of multi-national companies makes payroll and human resource management services a global opportunity. In fiscal 2003, ADP increased payroll sales to multi-national employers throughout Europe by nearly 36% over the previous fiscal year.

Brokerage Services

Brokerage Services provides transaction processing systems, desktop productivity applications and investor communications services to the financial services industry worldwide. ADP's products and services include: (i) global order entry, trade processing and settlement systems that enable firms to trade virtually any financial instrument, in any market, at any time; (ii) full-service investor communications services including: electronic delivery and Web solutions; workflow services; financial, offset, and on-demand printing; proxy distribution and vote processing; householding; regulatory mailings; fulfillment; and customized communications; (iii) real-time order entry and processing services for Web-based brokerage firms; (iv) automated, browser-based desktop productivity tools for financial consultants and back office personnel; and (v) integrated delivery of multiple products and services through ADP's Global Processing Solution.

Brokerage Services serves a large client base in the financial services industry, including: retail and institutional brokerage firms; global banks; mutual funds; annuity companies; institutional investors; specialty trading firms; clearing firms; hedge funds; and publicly owned corporations. Brokerage Services provides securities transaction processing, printing and electronic distribution of shareholder communications and other services to clients in more than 25 countries in North America, Europe, Asia, South America and Australia. Brokerage Services also provides computerized proxy vote tabulation and shareholder communication, distribution and fulfillment services, including Web-enabled products and services. ADP served approximately 14,000 publicly traded companies and 450 mutual funds and annuity companies with proxy services on behalf of more than 800 brokerage firms and banks in fiscal 2003. In fiscal 2003, Brokerage Services received ISO 9001:2000 certification, an international standard for the highest quality, for its vote processing, production operations, print operations and client services systems.

In fiscal 2003, Brokerage Services acquired the assets of Vantra Group, Inc., a leading provider of specialized Web-based solutions to brokerage clients; all of the capital stock of Power Securities Systems, Inc., a leading back-office software provider for niche market firms; and all of the capital stock of Dataphile Software, Ltd., a leading provider of real-time, straight-through-processing solutions for brokerage firms and mutual fund securities dealers in Canada.

Dealer Services

Dealer Services provides integrated dealer management computer systems (such a system is also known in the industry as a "DMS") and other business performance solutions to automotive retailers and their manufacturers throughout North America and Europe. More than 16,000 automobile and truck dealers and more than 30 manufacturers use ADP's DMS, networking solutions, data integration, consulting and/or marketing services.

Dealer Services offers its dealership clients a service solution that includes computer hardware, hardware maintenance services, licensed software, software support, system design and network consulting services. Dealer Services also offers its clients “front-end” dealership sales process and business development training services, consulting services, software products and customer relationship management solutions. Clients use an ADP DMS to manage business activities such as accounting, inventory, factory communications, scheduling, vehicle financing, insurance, sales and service. Dealer Services also designs, establishes and maintains communications networks for its dealership clients that allow interactive communications among multiple site locations (for larger dealers), as well as links between franchised dealers and their vehicle manufacturer franchisors. These networks are used for activities such as new vehicle ordering and status inquiry, warranty submission and validation, parts and vehicle locating, dealership customer credit application submission and decisioning, vehicle repair estimating and obtaining vehicle registration and lien holder information. Dealer Services also offers an Application Service Provider Managed Services solution to its dealership clients pursuant to which such clients outsource all information technology management, computing and network infrastructure, technology decisions and system support to Dealer Services.

Claims Services

Claims Services offers integrated business solutions for clients in the property and casualty insurance, auto collision repair and auto recycling industries. These products help clients manage costs and improve efficiency and accelerate the claims review and settlement process. These products and services include (i) claims management applications such as automated repair estimating, total loss vehicle valuation, first notice of loss, dispatch and assignment, claims audit, parts exchange and workflow applications that streamline the end-to-end claims process, (ii) body shop and auto recycler management systems and (iii) other applications, databases and services that enhance and optimize the claims process.

Markets and Marketing Methods

All of ADP’s services are offered broadly across North America and Europe. Some employer services and brokerage services are also offered in South America (primarily Brazil), Australia and Asia.

None of ADP’s major business groups have a single homogenous client base or market. For example, Brokerage Services serves a large client base in the financial services industry including retail and institutional firms, banks and individual non-brokerage corporations. Dealer Services primarily serves automobile dealers, but also serves truck and agricultural equipment dealers, auto repair shops, used car lots, state departments of motor vehicles and manufacturers of automobiles, trucks and agricultural equipment. Claims Services has many clients who are insurance companies, but it also provides services to automobile manufacturers, body repair shops, salvage yards, distributors of new and used automobile parts and other non-insurance clients. Employer Services has clients from a large variety of industries and markets. Within this client base are concentrations of clients in specific industries. Employer Services also sells to auto dealers, brokerage clients and insurance clients. While concentrations of clients exist, no one client or business group is material to ADP’s overall revenues.

None of ADP’s businesses are overly sensitive to price changes. Economic conditions among selected clients and groups of clients may and do have a temporary impact on demand for ADP’s services. In fiscal 2003, despite the continued impact of weak economic conditions, Employer Services continued to grow, primarily due to the increase in its North America payroll and tax businesses, including strong growth in its “beyond payroll” products and in its PEO business, and improved client retention; in

Brokerage Services, weakness in the brokerage and financial services industry reduced Brokerage Services' primarily volume-based back-office processing and investor communications activities; and interest rates in the U.S. continued to decline over the last fiscal year, significantly impacting interest earnings on our client and corporate funds.

ADP enjoys a leadership position in each of its major service offerings and does not believe any major service or business unit in ADP is subject to unique market risk.

Competition

The computing services industry is highly competitive. ADP knows of no reliable statistics by which it can determine the number of its competitors, but it believes that it is one of the largest providers of computerized transaction processing, data communication and information services in the world.

ADP's competitors include other independent computing services companies, divisions of diversified enterprises and banks. Another competitive factor in the computing services industry is the in-house computing function, whereby a company installs and operates its own computing systems.

Competition in the computing services industry is primarily based on service responsiveness, product quality and price. ADP believes that it is very competitive in each of these areas and that there are no material negative factors impacting ADP's competitive position in the computing services industry. No one competitor or group of competitors is dominant in the computing services industry.

Clients and Client Contracts

ADP provides its services to approximately 500,000 clients. In fiscal 2003, no single client or group of affiliated clients accounted for revenues in excess of 2% of annual consolidated revenues.

ADP has no material "backlog" because the period between the time a client agrees to use ADP's services and the time the service begins is generally very short. Depending on the service agreement and/or the size of the client, the installation or conversion period for new clients could vary from a short period of time (up to two weeks) for an SBS client to a longer period (generally six to twelve months) for a National Accounts Services or Dealer Services client with multiple deliverables.

ADP's average client retention is more than 8 years in Employer Services and is 10 or more years in Brokerage Services and Dealer Services, and does not vary significantly from period to period.

ADP's services are provided under written price quotations or service agreements having varying terms and conditions. No one price quotation or service agreement is material to ADP. Discounts, rebates and promotions offered by ADP to clients are not material.

Systems Development and Programming

During the fiscal years ended June 30, 2003, 2002 and 2001, ADP invested \$604 million, \$535 million and \$584 million, respectively, in systems development and programming, migration to new computing technologies and the development of new products and maintenance of our existing technologies, including purchases of new software and software licenses.

Product Development

ADP continually upgrades, enhances and expands its existing products and services. Generally, no new product or service has a significant effect on ADP's revenues or negatively impacts its existing products and services, and ADP's products and services have a significant remaining life cycle.

Licenses

ADP is the licensee under a number of agreements for computer programs and databases. ADP's business is not dependent upon a single license or group of licenses. Third-party licenses, patents, trademarks and franchises are not material to ADP's business as a whole.

Number of Employees

ADP employed approximately 41,000 persons as of June 30, 2003.

Item 2. Properties

ADP leases space for 24 of its principal processing centers. In addition, ADP leases numerous other operational offices and sales offices. All of these leases, which aggregate approximately 7,100,000 square feet in North America, Europe, South America (primarily Brazil), Asia, Australia and South Africa, expire at various times up to the year 2018. ADP owns 14 of its processing facilities, other operational offices and its corporate headquarters complex in Roseland, New Jersey, which aggregate approximately 3,000,000 square feet. None of ADP's owned facilities is subject to any material encumbrances. ADP believes its facilities are currently adequate for their intended purposes and are adequately maintained.

Item 3. Legal Proceedings

In the normal course of business, the Registrant is subject to various claims and litigation. While the outcome of any litigation is inherently unpredictable, the Registrant believes it has valid defenses with respect to the legal matters pending against it and the Registrant believes that the ultimate resolution of these matters will not have a material adverse impact on its financial condition, results of operations or cash flows. Among the various claims and litigation pending against the Registrant is the following:

The Registrant and its indirect wholly-owned subsidiaries Dealer Solutions, L.L.C. and Dealer Solutions Holdings, Inc. ("DSI") are named as defendants in a lawsuit filed on March 4, 1999 in the 133rd Judicial District Court of Harris County, Texas by Universal Computer Systems, Inc., Universal Computer Consulting, Ltd., Universal Computer Services, Inc., and Dealer Computer Services, Inc. (collectively, "UCS"), which lawsuit has since been referred by the District Court to arbitration and was tried before an arbitration panel in June 2003 with a final decision expected in October 2003. This lawsuit alleges trade secret violations by DSI in the creation by DSI of the CARMan automobile dealership software product and misappropriation of those trade secrets by the Registrant through its acquisition of DSI. UCS is seeking injunctive relief and damages of \$56 million. The Registrant believes it has valid defenses with respect to the above matter and should prevail.

Item 4. Submission of Matters to a Vote of Security Holders

None

Part II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

See "Market Price, Dividend Data and Other" contained in the Registrant's 2003 Annual Report to Shareholders, which information is incorporated herein by reference. As of August 31, 2003, the Registrant had 36,439 registered holders of its Common Stock, par value \$.10 per share. The Registrant's Common Stock is traded on the New York, Chicago and Pacific Stock Exchanges.

On February 11, 2003, the Registrant issued 9,430 shares of its Common Stock in respect of an earnout paid to a company in accordance with an asset purchase agreement dated November 30, 2000 pursuant to which the Registrant acquired substantially all of the assets of such company. The Registrant issued the foregoing shares of Common Stock without registration under the Securities Act of 1933, as amended, in reliance upon the exemption therefrom set forth in Section 4(2) of such Act relating to sales by an issuer not involving a public offering.

Item 6. Selected Financial Data

See "Selected Financial Data" contained in the Registrant's 2003 Annual Report to Shareholders, which information is incorporated herein by reference.

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

See "Management's Discussion and Analysis" contained in the Registrant's 2003 Annual Report to Shareholders, which information is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See "Management's Discussion and Analysis – Liquidity and Capital Resources" contained in the Registrant's 2003 Annual Report to Shareholders, which information is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The financial statements described in Item 15(a)1. hereof are incorporated herein.

The following supplementary data is incorporated herein by reference:

Quarterly Financial Results (unaudited) for the two years ended June 30, 2003 (see Note 14 of the "Notes to Consolidated Financial Statements" contained in ADP's 2003 Annual Report to Shareholders)

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

None

Item 9A. Controls and Procedures

The Registrant carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Registrant's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Registrant's disclosure controls and procedures as of June 30, 2003 were effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms.

There were no changes in the Registrant's internal control over financial reporting that occurred during the quarter ended June 30, 2003 that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Part III

Item 10. Directors and Executive Officers of the Registrant

Executive Officers of the Registrant

The executive officers of the Registrant, their ages, positions and the period during which they have been employed by ADP are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Employed by ADP Since</u>
John D. Barfitt	50	Vice President	1979
James B. Benson	58	Vice President, General Counsel and Secretary	1977
Richard C. Berke	58	Vice President, Human Resources	1989
Gary C. Butler	56	President and Chief Operating Officer	1975
Raymond L. Colotti	57	Vice President and Treasurer	1995
Richard J. Daly	50	Group President, Brokerage Services	1989
G. Harry Durity	56	Vice President, Worldwide Business Development	1994
Karen E. Dykstra	44	Chief Financial Officer	1981
Russell P. Fradin	48	Group President, Employer Services	1996
Eugene A. Hall	47	President, Employer Services – Major Accounts Division	1998
John Hogan	55	Group President, Brokerage Services	1993
Campbell Langdon	42	President, Tax, Financial and Time Management Services	2000

S. Michael Martone	55	Group President, Dealer Services	1987
Peter Op de Beeck	47	President, Claims Solutions Group	1998
Dan Sheldon	47	Vice President, Corporate Controller	1984
George I. Stoeckert	55	President, Employer Services – International	1991
Arthur F. Weinbach	60	Chairman and Chief Executive Officer	1980

Messrs. Benson, Berke, Butler, Daly, Durity, Fradin, Hall, Hogan, Martone and Weinbach have each been employed by ADP in senior executive positions for more than the past five years.

John D. Barfitt joined ADP in 1979. He is a Vice President. He served as President, Employer Services – International from 2000 to 2003, President, Claims Services at ADP from 1998 to 2000 and Senior Vice President – Automotive Claims Services at ADP from 1996 to 1998.

Raymond L. Colotti joined ADP in 1995. Prior to his promotion to Vice President and Treasurer in 1997, he served as President of ADP Atlantic, Inc. and its related companies from 1995 to 1997.

Karen E. Dykstra joined ADP in 1981. Prior to her promotion to Chief Financial Officer in 2003, she served as Vice President, Finance from 2001 to 2003, Vice President and Controller from 1998 to 2001 and Assistant Corporate Controller from 1996 to 1998.

Campbell Langdon joined ADP in 2000 as Vice President, Strategic Development. In 2003, he was promoted to President, Tax, Financial and Time Management Services. Prior to joining ADP, he was a partner of McKinsey & Company and had been associated with that firm for 11 years.

Peter Op de Beeck joined ADP in 1998 as Managing Director of Claims Solutions Group's Audatex. In 2001, he became President of ADP Claims Solutions Group. Prior to joining ADP, he was Chairman and Chief Executive Officer of Online Internet from 1996 to 1998.

Dan Sheldon joined ADP in 1984. Prior to his promotion to Vice President, Corporate Controller in 2003, he served as Chief Financial Officer of Brokerage Services from 2001 to 2003 and Chief Financial Officer of Dealer Services from 1996 to 2001.

George I. Stoeckert joined ADP in 1991. Prior to his promotion to President, Employer Services International in 2003, he served as President – Major Accounts Division, Employer Services from 1995 to 2003.

Each of ADP's executive officers is elected for a term of one year and until their successors are chosen and qualified or until their death, resignation or removal.

Directors of the Registrant

See “Election of Directors” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Section 16(a) Beneficial Ownership Reporting Compliance

See “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Item 11. Executive Compensation

See “Compensation of Executive Officers” and “Election of Directors” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

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

See “Election of Directors – Security Ownership of Certain Beneficial Owners and Managers” and “Compensation of Executive Officers – Equity Compensation Plan Information” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

See “Compensation of Executive Officers – Certain Transactions” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

See “Independent Auditors’ Fees” in the Proxy Statement for Registrant’s 2003 Annual Meeting of Stockholders, which information is incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)1. Financial Statements

The following reports and consolidated financial statements of the Registrant contained in the Registrant's 2003 Annual Report to Shareholders are also included in Part II, Item 8:

Statements of Consolidated Earnings - years ended June 30, 2003, 2002 and 2001

Consolidated Balance Sheets - June 30, 2003 and 2002

Statements of Consolidated Shareholders' Equity - years ended June 30, 2003, 2002 and 2001

Statements of Consolidated Cash Flows - years ended June 30, 2003, 2002 and 2001

Notes to Consolidated Financial Statements

Report of Management

Independent Auditors' Report

Financial information of the Registrant is omitted because the Registrant is primarily a holding company. The Registrant's subsidiaries, which are listed on Exhibit 21 attached hereto, are wholly owned.

2. Financial Statement Schedules

Page in Form 10-K

Independent Auditors' Report on Schedule 17

Schedule II - Valuation and Qualifying Accounts 18

All other Schedules have been omitted because they are inapplicable or are not required or the information is included elsewhere in the financial statements or notes thereto.

3. Exhibits

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

- 3.1 - Amended and Restated Certificate of Incorporation dated November 11, 1998 - incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement No. 333-72023 on Form S-4 filed with the Commission on February 9, 1999
- 3.2 - Amended and Restated By-laws of the Registrant - incorporated by reference to Exhibit 3.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2002

- 4 - Indenture dated as of February 20, 1992 between Automatic Data Processing, Inc. and Bankers Trust Company, as trustee, regarding the Liquid Yield Option Notes due 2012 of the Registrant - incorporated by reference to Exhibit (4)-#1 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1992

- 10.1 - Letter Agreement dated as of August 13, 2001 between Automatic Data Processing, Inc. and Arthur F. Weinbach - incorporated by reference to Exhibit 10.1 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001 (Management Contract)

- 10.2 - Letter Agreement dated September 14, 1998 between Automatic Data Processing, Inc. and Gary Butler - incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1998 (Management Contract)

- 10.3 - Key Employees' Restricted Stock Plan - incorporated by reference to Registrant's Registration Statement No. 33-25290 on Form S-8 (Management Compensatory Plan)

- 10.4 - Supplemental Officers' Retirement Plan, as amended - incorporated by reference to Exhibit 10.4 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (Management Compensatory Plan)

- 10.5 - 1989 Non-Employee Director Stock Option Plan - incorporated by reference to Exhibit 10(iii)(A)-#7 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990 (Management Compensatory Plan)

- 10.5(a) - Amendment to 1989 Non-Employee Director Stock Option Plan - incorporated by reference to Exhibit 10(6)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (Management Compensatory Plan)

- 10.6 - 1990 Key Employees' Stock Option Plan - incorporated by reference to Exhibit 10(iii)(A)-#8 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990 (Management Compensatory Plan)

- 10.6(a) - Amendment to 1990 Key Employees' Stock Option Plan - incorporated by reference to Exhibit 10(7)(a) to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 (Management Compensatory Plan)

- 10.7 - 1994 Directors' Pension Arrangement - incorporated by reference to Exhibit 10(iii)(A)-#10 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1994 (Management Compensatory Plan)

- 10.8 - 2000 Key Employees' Stock Option Plan, as amended - incorporated by reference to Exhibit 10.8 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (Management Compensatory Plan)
- 10.9 - 2001 Executive Incentive Compensation Plan - incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001 (Management Compensatory Plan)
- 10.10 - Change in Control Severance Plan for Corporate Officers - incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2001 (Management Compensatory Plan)
- 10.11 - Employees' Saving-Stock Option Plan - incorporated by reference to Registrant's Registration Statement No. 333-10281 on Form S-8 (Management Compensatory Plan)
- 13 - Pages 16 to 39 of the 2003 Annual Report to Shareholders (with the exception of the pages incorporated by reference herein, the Annual Report is not a part of this filing)
- 21 - Subsidiaries of the Registrant
- 23 - Independent Auditors' Consent
- 31.1 - Certification by Arthur F. Weinbach pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
- 31.2 - Certification by Karen E. Dykstra pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
- 32.1 - Certification by Arthur F. Weinbach pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 - Certification by Karen E. Dykstra pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K during the fiscal quarter ended June 30, 2003

A Form 8-K was filed on April 17, 2003 under Items 9 and 12 of Form 8-K, announcing the Registrant's financial results for the third fiscal quarter ended March 31, 2003.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

To the Board of Directors
and Shareholders of
Automatic Data Processing, Inc.
Roseland, New Jersey

We have audited the consolidated financial statements of Automatic Data Processing, Inc. and subsidiaries (the "Company") as of June 30, 2003 and 2002, and for each of the three years in the period ended June 30, 2003, and have issued our report thereon dated July 28, 2003; such consolidated financial statements and report are included in your 2003 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedule of Automatic Data Processing, Inc., listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP
New York, New York
July 28, 2003

AUTOMATIC DATA PROCESSING, INC.

AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>		<u>Column D</u>	<u>Column E</u>
		<u>Additions</u>			
		(1)	(2)		
	<u>Balance at beginning of period</u>	<u>Charged to costs and expenses</u>	<u>Charged to other accounts-describe</u>	<u>Deductions-describe</u>	<u>Balance at end of period</u>
Year ended June 30, 2003:					
Allowance for doubtful accounts:					
Current	\$52,873	\$17,588	\$ 712 (B)	\$(16,519) (A)	\$54,654
Long-term	\$16,019	\$ 1,534	\$ --	\$ (6,450) (A)	\$11,103
Deferred tax valuation allowance	\$40,140	\$ 5,318	\$ 899 (C)	\$(14,137) (E)	\$32,220
Year ended June 30, 2002:					
Allowance for doubtful accounts:					
Current	\$41,996	\$ 27,703	\$ 743 (B)	\$ (17,569) (A)	\$ 52,873
Long-term	\$ 16,666	\$ 1,176	\$ --	\$ (1,823) (A)	\$ 16,019
Deferred tax valuation allowance	\$ 41,930	\$ 3,179	\$ 313 (C)	\$ (5,282) (D)	\$ 40,140
Year ended June 30, 2001:					
Allowance for doubtful accounts:					
Current	\$ 48,448	\$ 16,431	\$ 114 (B)	\$ (22,997) (A)	\$ 41,996
Long-term	\$ 16,946	\$ 1,369	\$ --	\$ (1,649) (A)	\$ 16,666
Deferred tax valuation allowance	\$ 43,700	\$ 6,145	\$ (165) (C)	\$ (7,750) (D)	\$ 41,930

(A) Doubtful accounts written off, less recoveries on accounts previously written off.

(B) Acquired in purchase transactions.

(C) Related to foreign exchange fluctuation.

(D) Related to the net deferred tax assets recorded in purchase accounting. The recognition of this allowance is allocated to reduce the excess purchase price over the net assets acquired.

(E) A portion of this allowance is related to the net deferred tax assets recorded in purchase accounting, the recognition of which is allocated to reduce the excess purchase price over the net assets acquired. The remaining portion reduced the current year provision for income taxes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOMATIC DATA PROCESSING, INC.
(Registrant)

September 12, 2003

By: /s/ Arthur F. Weinbach
Arthur F. Weinbach
Chairman and Chief Executive Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Arthur F. Weinbach</u> (Arthur F. Weinbach)	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	September 12, 2003
<u>/s/ Karen E. Dykstra</u> (Karen E. Dykstra)	Chief Financial Officer (Principal Financial Officer)	September 12, 2003
<u>/s/ Gregory D. Brenneman</u> (Gregory D. Brenneman)	Director	September 12, 2003
<u>/s/ Leslie A. Brun</u> (Leslie A. Brun)	Director	September 12, 2003
<u>/s/ Gary C. Butler</u> (Gary C. Butler)	Director	September 12, 2003
<u>/s/ Joseph A. Califano, Jr.</u> (Joseph A. Califano, Jr.)	Director	September 12, 2003
<u>/s/ Leon G. Cooperman</u> (Leon G. Cooperman)	Director	September 12, 2003

EXHIBIT 21

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
ADP Atlantic, Inc.	Delaware
ADP Belgium CVA	Belgium
ADP Brasil Ltda.	Brazil
ADP Broker-Dealer, Inc.	New Jersey
ADP Brokerage International Limited	United Kingdom
ADP Central, Inc.	Delaware
ADP Claims Solutions Group, Inc.	Delaware
ADP Canada Co.	Canada
ADP Credit Corp.	Delaware
ADP Dealer Services Deutschland GmbH	Germany
ADP Dealer Services France SAS	France
ADP Dealer Services Italia s.r.l.	Italy
ADP East, Inc.	Delaware
ADP Employer Services GmbH	Germany
ADP Europe S.A.	France
ADP France S.A.	France
ADP Financial Information Services, Inc.	Delaware
ADP Graphic Communications, Inc.	New Jersey
ADP GSI Espana S.A.	Spain
ADP GSI France SAS	France
ADP Hollander, Inc.	Delaware
ADP, Inc.	Delaware
ADP Indemnity, Inc.	Vermont
ADP Integrated Medical Solutions, Inc.	Delaware
ADP Investor Communication Services, Inc.	Delaware
ADP Investor Communications Corporation	Canada
ADP Nederland B.V.	The Netherlands
ADP Network Services International, Inc.	Delaware
ADP Network Services Limited	United Kingdom
ADP of North America, Inc.	Delaware
ADP Output Services, Inc.	Delaware
ADP of Roseland, Inc.	Delaware
ADP Pacific, Inc.	Delaware
ADP Payroll Services, Inc.	Delaware
ADP Screening and Selection Services, Inc.	Colorado
ADP South, Inc.	Delaware
ADP Tax Services, Inc.	Delaware
ADP TotalSource Group, Inc.	Florida
ADP Wilco Ltd.	United Kingdom
Audatex GmbH	Switzerland
Audatex Holding GmbH	Switzerland
Audatex Deutschland Datenverarbeitungs GmbH	Germany
Automatic Data Processing Limited	Australia
Automatic Data Processing Limited	United Kingdom
Automatic Data Processing SPRL	Belgium
Automotive Directions, Inc.	Wisconsin
Business Management Software Limited	United Kingdom
Cunningham Graphics International, Inc.	New Jersey

Jurisdiction of

Name of Subsidiary

Incorporation

Cunningham Graphics International, S.A.	British Virgin Islands
Digital Motorworks Holdings, Inc.	Texas
GSI Transport Tourisme S.A.	France
Informex S.A.	Belgium
OMR Systems Corporation	New Jersey
ProBusiness Holding Company, Inc.	Delaware
ProBusiness Services, Inc.	Delaware

In accordance with Item 601(b)(21) of Regulation S-K, the Registrant has omitted the names of particular subsidiaries because the unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not have constituted a significant subsidiary as of June 30, 2003.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-45150, 33-52876, 33-55909, 33-57207, 33-58165, 33-61629, 333-01839, 333-02331, 333-12767, 333-15103, 333-29713, 333-48493, 333-57075, 333-80237, 333-79749, 333-72497, 333-31058, 333-42294 and 333-68030 on Form S-3, Registration Statement No. 333-72023 on Form S-4, and Registration Statement Nos. 33-24987, 33-25290, 33-38338, 2-75287, 33-38366, 33-38365, 33-46168, 33-51979, 33-51977, 33-52629, 33-56419, 33-56463, 333-10281, 333-10279, 333-10277, 333-13945, 333-50123, 333-84647, 333-81725, 333-74265, 333-33258, 333-69020, 333-75468, 333-90540, 333-103426 and 333-103935 on Form S-8 of Automatic Data Processing, Inc. of our reports dated July 28, 2003, appearing in and incorporated by reference in this Annual Report on Form 10-K of Automatic Data Processing, Inc. for the year ended June 30, 2003.

/s/ Deloitte & Touche LLP
New York, New York
September 11, 2003

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Arthur F. Weinbach, certify that:

1. I have reviewed this annual report on Form 10-K of Automatic Data Processing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 12, 2003

/s/ Arthur F. Weinbach

Arthur F. Weinbach

Chairman and Chief Executive Officer

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Karen E. Dykstra, certify that:

1. I have reviewed this annual report on Form 10-K of Automatic Data Processing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 12, 2003

/s/ Karen E. Dykstra
Karen E. Dykstra
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Automatic Data Processing, Inc. (the "Company") on Form 10-K for the fiscal year ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur F. Weinbach, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Arthur F. Weinbach
Arthur F. Weinbach
Chairman and Chief Executive Officer
September 12, 2003

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Automatic Data Processing, Inc. (the "Company") on Form 10-K for the fiscal year ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Karen E. Dykstra, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Karen E. Dykstra
Karen E. Dykstra
Chief Financial Officer
September 12, 2003