

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

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **January 21, 2005**

AUTOMATIC DATA PROCESSING, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of
incorporation)

1-5397

(Commission
File Number)

22-1467904

(IRS 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**

N/A

(Former name or former address, if changed since last report)

Item 2.02. Results of Operations and Financial Condition.

On January 21, 2005 the Registrant issued a press release announcing the Registrant's financial results for the second fiscal quarter ended December 31, 2004. A copy of the Registrant's press release is attached hereto as Exhibit 99 and is hereby incorporated by reference. The information in this Form 8-K, including the accompanying exhibit, is being furnished under Item 2.02 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURE

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

Date: January 21, 2005

AUTOMATIC DATA PROCESSING, INC.

By: /s/ Karen E. Dykstra

Name: Karen E. Dykstra

Title: Chief Financial Officer

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99	Press Release dated January 21, 2005, issued by Automatic Data Processing, Inc.

FOR IMMEDIATE RELEASE

ADP REPORTS SECOND FISCAL QUARTER RESULTS; REVENUES RISE 9%, EPS INCREASES 11%; FISCAL 2005 FORECASTED REVENUE GROWTH RAISED TO 7- 9%; EPS GUIDANCE REFINED TO 12 – 15% GROWTH

ROSELAND, NJ, January 21, 2005 – Automatic Data Processing, Inc. (NYSE:ADP) reported 9% revenue growth, with revenues of \$2.0 billion and \$.42 earnings per share for the second fiscal quarter ended December 31, 2004, Arthur F. Weinbach, chairman and chief executive officer, announced today. Pretax and net earnings both increased 9% compared with the second quarter last year. Diluted earnings per share, on fewer shares outstanding, increased 11% from \$.38 per share last year, the first double-digit earnings per share increase in eight quarters.

Commenting on the quarter, Mr. Weinbach said, “We are pleased with our results as there is positive momentum in each of our businesses. Revenues in Employer Services increased 7% based on solid growth in the new business started in the quarter, the number of employees on our clients’ payrolls and client fund balances. New business sales growth was 8% in the second quarter and 11% for the first half compared with last year, and we remain confident in our double-digit sales growth forecast for the year. Although the critical year-end retention period is still ahead of us, we are very pleased with our results for the first half which are .7% ahead of last year’s record levels.

“Brokerage Services’ revenues grew 4% in the quarter compared with the second quarter last year. Our internal revenue growth rate was 10% after adjusting for last year’s divestitures. Investor communications mailings increased 18% over last year driven by increased mutual fund meeting activity. Back-office average trades per day increased 18% over last year, while average revenue per trade declined 15% primarily due to mix changes. Our acquisition of the U.S. Clearing and BrokerDealer Services divisions of Bank of America was completed on November 1, 2004. Revenues for this new reportable segment, Securities Clearing and Outsourcing Services, were \$15 million in the quarter and we anticipate about \$.02 per share dilution in fiscal 2005 from this transaction. Dealer Services’ revenues grew 11% and Claims Services’ revenues grew 6% in the quarter compared with the second quarter last year.

“Our results for the first half of the fiscal year have been positive. This quarter was the first in more than three years in which the yield on our investment portfolio exceeded the same quarter in the previous year. We are encouraged by our business momentum and product position coupled with the improving economic conditions, the trend in labor statistics and the increase in total brokerage trade volumes. Our revenue guidance has been increased to 7% to 9% growth and we are refining our earnings estimate to between 12% and 15% earnings per share growth. We are optimistic about the market opportunities for future growth,” Mr. Weinbach concluded.

An analyst conference call to review the second quarter results will be held today, Friday, January 21 at 1:30 p.m. EST. A live audio webcast of the call will be available to the public on a listen-only basis. To listen to the webcast go to www.adp.com and click on the webcast icon. ADP’s news releases, current financial information, SEC filings and Investor Relations presentations are accessible at the same website.

ADP, with approximately \$8 billion in revenues and 550,000 clients, is one of the largest providers of a broad range of premier mission-critical, cost effective transaction processing and information-based business solutions in selected markets on a global basis.

Automatic Data Processing, Inc. and Subsidiaries
Consolidated Statements of Earnings
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues, other than interest on funds held for Employer Services clients and PEO revenues	\$ 1,769,094	\$ 1,636,333	\$ 3,413,627	\$ 3,168,722
Interest on funds held for Employer Services clients	91,129	82,202	175,792	165,136
PEO revenues (A)	<u>133,361</u>	<u>108,865</u>	<u>258,847</u>	<u>213,819</u>
	<u>1,993,584</u>	<u>1,827,400</u>	<u>3,848,266</u>	<u>3,547,677</u>
Operating expenses	915,719	810,300	1,782,739	1,604,541
Selling, general and administrative expenses	465,363	459,293	911,521	886,171
Systems development and programming costs	150,070	133,125	298,794	264,879
Depreciation and amortization	76,161	73,609	150,582	148,335
Other income, net	<u>(11,349)</u>	<u>(14,067)</u>	<u>(23,930)</u>	<u>(32,659)</u>
Total expenses	<u>1,595,964</u>	<u>1,462,260</u>	<u>3,119,706</u>	<u>2,871,267</u>
Earnings before income taxes	397,620	365,140	728,560	676,410
Provision for income taxes	147,517	136,560	270,296	252,980
Net earnings	<u>\$ 250,103</u>	<u>\$ 228,580</u>	<u>\$ 458,264</u>	<u>\$ 423,430</u>
Basic earnings per share	<u>\$ 0.43</u>	<u>\$ 0.39</u>	<u>\$ 0.79</u>	<u>\$ 0.71</u>
Diluted earnings per share	<u>\$ 0.42</u>	<u>\$ 0.38</u>	<u>\$ 0.78</u>	<u>\$ 0.71</u>
Dividends per common share	<u>\$ 0.1550</u>	<u>\$ 0.1400</u>	<u>\$ 0.2950</u>	<u>\$ 0.2600</u>

(A) Net of pass-through costs of \$1,352,004 and \$1,037,864 for the three months ended December 31, 2004 and 2003, respectively, and \$2,501,491 and \$1,949,433 for the six months ended December 31, 2004 and 2003, respectively.

Automatic Data Processing, Inc. and Subsidiaries
Other Selected Financial Data
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Revenues for select business units (B)				
Employer Services	\$ 1,235,000	\$ 1,160,000	\$ 2,412,000	\$ 2,271,000
Brokerage Services	355,000	341,000	686,000	655,000
Dealer Services	243,000	218,000	481,000	429,000
Securities Clearing and Outsourcing Services (C)	15,000	-	15,000	-
Pre-tax earnings for select business units (B)				
Employer Services	\$ 286,000	\$ 263,000	\$ 505,000	\$ 470,000
Brokerage Services	49,000	33,000	88,000	53,000
Dealer Services	37,000	37,000	72,000	69,000
Securities Clearing and Outsourcing Services (C)	(5,000)	-	(5,000)	-

(B) Prior year's segment results were adjusted to reflect fiscal year 2005 budgeted foreign exchange rates.

(C) On November 1, 2004, the Company acquired the U.S. Clearing and Broker/Dealer Services divisions of Bank of America, which provide third-party clearing operations. The Company has determined that the acquired operations constitute a separate reportable segment in accordance with Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information." The Company established a reportable segment called Securities Clearing and Outsourcing Services as of November 1, 2004 to report the results of the acquired business.

With this acquisition, the Company has reported two additional line items on the balance sheet, which are Securities Clearing and Outsourcing Receivables and Securities Clearing and Outsourcing Payables. Securities Clearing and Outsourcing Receivables consists primarily of receivables from customers for margin loans, as well as receivables from brokers, dealers and clearing organizations as a result of securities clearing transactions. Securities Clearing and Outsourcing Receivables also includes receivables for cash payments to brokers and dealers for securities that were borrowed by the Company. Securities Clearing and Outsourcing Payables represent the payables to customers for customer deposits and short sale securities transactions, and payables to brokers, dealers and clearing organizations as a result of the securities clearing transactions. Securities Clearing and Outsourcing Payables also includes payables to brokers and dealers for the cash that has been received for securities that have been loaned.

Components of Other Income, net:

Interest income on corporate funds	\$ (26,114)	\$ (23,642)	\$ (51,984)	\$ (45,742)
Interest expense	10,799	5,351	18,907	10,001
Realized losses on available-for-sale securities, net	3,966	4,224	9,147	3,082
Total other income, net	<u>\$ (11,349)</u>	<u>\$ (14,067)</u>	<u>\$ (23,930)</u>	<u>\$ (32,659)</u>

Earnings per share information:

Net earnings	\$ 250,103	\$ 228,580	\$ 458,264	\$ 423,430
Average shares outstanding	583,230	591,685	583,389	593,264
Basic earnings per share	\$ 0.43	\$ 0.39	\$ 0.79	\$ 0.71
Diluted net earnings	\$ 250,367	\$ 229,071	\$ 458,793	\$ 424,247
Diluted shares outstanding	591,086	597,624	590,473	599,242
Diluted earnings per share	\$ 0.42	\$ 0.38	\$ 0.78	\$ 0.71

Automatic Data Processing, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands)

	<u>December 31,</u> <u>2004</u> <u>(Unaudited)</u>	<u>June 30,</u> <u>2004</u>
<u>Assets</u>		
Cash and cash equivalents/Short-term marketable securities	\$ 1,556,471	\$ 1,129,075
Securities clearing and outsourcing receivables	947,011	-
Other current assets	<u>1,690,391</u>	<u>1,632,514</u>
Total current assets	4,193,873	2,761,589
Long-term marketable securities	442,991	963,501
Property, plant and equipment, net	650,058	642,353
Other non-current assets	4,126,626	3,849,584
Funds held for clients	<u>18,775,831</u>	<u>12,903,532</u>
Total assets	<u>\$ 28,189,379</u>	<u>\$ 21,120,559</u>
<u>Liabilities and Stockholders' Equity</u>		
Securities clearing and outsourcing payables	\$ 769,965	\$ -
Other current liabilities	<u>1,830,675</u>	<u>1,768,424</u>
Total current liabilities	2,600,640	1,768,424
Long-term debt	75,926	76,200
Other non-current liabilities	1,146,089	1,018,040
Client funds obligations	<u>18,710,201</u>	<u>12,840,225</u>
Total liabilities	22,532,856	15,702,889
Total stockholders' equity	<u>5,656,523</u>	<u>5,417,670</u>
Total liabilities and stockholders' equity	<u>\$ 28,189,379</u>	<u>\$ 21,120,559</u>

This release 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 "expects," "assumes," "projects," "anticipates," "estimates," "we believe," "could be" and other words of similar meaning, are forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP's success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; stock market activity; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates and the impact of new acquisitions and divestitures. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Source: Automatic Data Processing, Inc.

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