

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

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**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): **July 27, 2004**

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**AUTOMATIC DATA PROCESSING, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other  
jurisdiction of  
incorporation)

**1-5397**

(Commission  
File Number)

**22-1467904**

(IRS Employer  
Identification  
No.)

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**One ADP Boulevard, Roseland, New Jersey**

(Address of principal executive offices)

**07068**

(Zip Code)

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

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N/A

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

**Item 12. Results of Operations and Financial Condition.**

On July 27, 2004, the Registrant issued a press release announcing the Registrant's financial results for the fourth fiscal quarter ended June 30, 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 12 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: July 27, 2004

AUTOMATIC DATA PROCESSING, INC.

By: \_\_\_\_\_

Name: Karen E. Dykstra

Title: Chief Financial Officer

**Exhibit Index**

**Exhibit Number**

**Description**

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Press Release dated July 27, 2004, issued by  
Automatic Data Processing, Inc.

**ADP REPORTS FISCAL 2004 RESULTS**  
**REVENUES INCREASE 9%, EPS DECLINES 7% TO \$1.56;**  
**FORECASTS MID-SINGLE DIGIT REVENUE GROWTH AND**  
**DOUBLE-DIGIT EPS GROWTH FOR FISCAL 2005**

ROSELAND, NJ, July 27, 2004 – Automatic Data Processing, Inc. (NYSE:ADP) reported 9% revenue growth for the fiscal year ended June 30, 2004, with revenues of \$7.8 billion compared with \$7.1 billion in fiscal 2003, Arthur F. Weinbach, chairman and chief executive officer, announced today. Pretax and net earnings declined 9% and 8%, respectively. Diluted earnings per share of \$1.56 declined 7% from \$1.68 per share last year on fewer shares outstanding. During fiscal 2004, ADP acquired nearly 16 million of its shares for treasury for approximately \$650 million. Operating cash flows were \$1.4 billion for the year, and cash and marketable securities were \$2.1 billion at June 30, 2004.

In the fourth quarter, revenues of \$2.1 billion increased 9% compared with \$1.9 billion in the fourth quarter of fiscal 2003. Pretax and net earnings declined 3% and 2%, respectively. Diluted earnings per share of \$0.36, on fewer shares outstanding, were flat with last year's fourth quarter.

Commenting on the results, Mr. Weinbach said, "We concluded the year in line with our expectations. Employer Services' revenues grew 9% for the quarter and 10% for the full year. The positive momentum in new business sales continued with 19% growth for the quarter resulting in 6% growth for the full year. The number of employees on our clients' payrolls, "pays per control," continued to rebound in the United States with 1.5% growth in the quarter and 0.4% growth for the full year. In Europe, "pays per control" continued to decline but at a lower rate than earlier in the year. Average client fund balances have been strong with 24% growth for the year, half of which was contributed by last year's acquisition of ProBusiness Services.

"Brokerage Services' revenues grew 5% in the quarter and 3% for the year. During the quarter we divested "OMR," our foreign exchange, money markets and derivatives products business with revenues of about \$25 million annually. Our quarter and full year results in Brokerage Services were helped by 15% growth in investor communications pieces delivered reflecting more holders of equities and incremental activity from recent mutual fund regulatory oversight. Dealer Services' revenues grew 13% in the quarter and 9% for the full year supported by strong sales growth of 13% for the year and continuing excellent retention. Claims Services' revenues increased 12% in the quarter primarily due to the acquisition of the ABZ Group B.V. in the Netherlands in our third quarter. Claims Services' revenues were flat with last year on a full year basis.

"As our business continued to improve in the quarter, and consistent with our April 22, 2004 projection, we accelerated about \$30 million of non-recurring charges which are included in the results of each business. Including these non-recurring charges, our total investment spending for fiscal 2004 was about \$170 million. Our investment expense during the year, excluding the \$30 million non-recurring charges, was about \$20 million, \$30 million, \$40 million and \$50 million in the first through fourth quarters, respectively. On an ongoing basis our run rate will be about \$45 million quarterly, or about \$180 million on a full year basis.

"Our outlook for fiscal 2005 is positive. We are beginning to see the benefit of our investments in our associates, products and services, and our sales force. Our associate retention is good at almost 90% retention worldwide. Client retention is excellent across all businesses and especially in Employer Services where we improved retention almost 1% in 2004 compared to record levels a year ago. We are gaining momentum in sales, particularly in Employer Services and Dealer Services where, in both businesses, we finished the year strong and have double-digit sales growth expectations for 2005.

"Our fiscal 2005 guidance is for mid-single digit revenue growth and double-digit earnings per share growth. The forecast is based on current economic conditions. Our interest assumptions are based on current yield curves. We are assuming no further improvement in "pays per control," and a 3% increase in investor communications pieces delivered with lower mutual fund mailings related to regulatory oversight. We anticipate closing our previously announced acquisition of the U.S. Clearing and BrokerDealer Services

division of Bank of America Corporation before the end of the calendar year with about \$.01 dilution in fiscal 2005.

“Although we are forecasting double-digit earnings per share growth for fiscal 2005, we expect to start the year slower with lower growth early in the year. We expect earnings growth to accelerate throughout the year as we anticipate more favorable interest rate comparisons and we anniversary investment spending levels that increased throughout fiscal 2004.

“Fiscal 2004 was an important transition year for ADP. The appropriate investments have been made. We now face the future well positioned for the challenges of fiscal 2005 and the longer term,” Mr. Weinbach concluded.

An analyst conference call to review the fiscal 2004 results will be held today, Tuesday, July 27 at 1:30 p.m. EDT. 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](http://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 over \$7 billion in revenues and approximately 500,000 clients, is one of the largest independent computing services firms in the world.

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

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues, other than interest on funds held for clients and PEO revenues	\$ 1,869,164	\$ 1,720,785	\$ 6,932,558	\$ 6,412,059
Interest on funds held for clients	93,743	91,992	355,410	368,727
PEO revenues (A)	<u>122,923</u>	<u>98,782</u>	<u>466,974</u>	<u>366,231</u>
Total revenues	<u>2,085,830</u>	<u>1,911,559</u>	<u>7,754,942</u>	<u>7,147,017</u>
Operating expenses	976,499	888,955	3,525,413	3,096,719
Selling, general and administrative expenses	529,775	495,602	1,903,356	1,758,353
Systems development and programming costs	171,462	134,513	581,165	499,192
Depreciation and amortization	81,252	70,796	306,772	274,682
Other income, net	<u>(11,638)</u>	<u>(26,657)</u>	<u>(56,294)</u>	<u>(127,129)</u>
Total expenses	<u>1,747,350</u>	<u>1,563,209</u>	<u>6,260,412</u>	<u>5,501,817</u>
Earnings before income taxes	338,480	348,350	1,494,530	1,645,200
Provision for income taxes	126,590	131,680	558,960	627,050
Net earnings	<u>\$ 211,890</u>	<u>\$ 216,670</u>	<u>\$ 935,570</u>	<u>\$ 1,018,150</u>
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ 1.58</u>	<u>\$ 1.70</u>
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.36</u>	<u>\$ 1.56</u>	<u>\$ 1.68</u>
Dividends per common share	<u>\$ 0.1400</u>	<u>\$ 0.1200</u>	<u>\$ 0.5400</u>	<u>\$ 0.4750</u>

(A) Net of pass-through costs of \$1,150,752 and \$921,525 for the three months ended June 30, 2004 and 2003, respectively, and \$4,237,017 and \$3,462,783 for the twelve months ended June 30, 2004 and 2003, respectively.

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

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues for select business units (B)				
Employer Services	\$ 1,174,000	\$ 1,078,000	\$ 4,809,000	\$ 4,390,000
Brokerage Services	560,000	532,000	1,665,000	1,610,000
Dealer Services	235,000	208,000	890,000	813,000
Pretax earnings for select business units (B)				
Employer Services	\$ 139,000	\$ 178,000	\$ 993,000	\$ 1,070,000
Brokerage Services	124,000	98,000	245,000	232,000
Dealer Services	36,000	36,000	144,000	137,000

(B) Prior year's segment results were adjusted to reflect fiscal year 2004 budgeted foreign exchange rates. In addition, Employer Services' prior year revenue was adjusted to include interest earned on client funds credited at 4.5%. Employer Services' revenues are credited with interest earned on client funds at a standard rate to better judge real business growth without the impact of changing interest rates. Given the sustained lower interest rates over recent years, ADP changed the standard rate from 6.0% to 4.5% in fiscal 2004.

Components of Other Income, net:

Interest income on corporate funds	\$ (20,678)	\$ (23,832)	\$ (79,941)	\$ (119,413)
Interest expense	4,027	4,186	15,993	21,838
Realized (gains) losses on available-for-sale securities, net	<u>5,013</u>	<u>(7,011)</u>	<u>7,654</u>	<u>(29,554)</u>
Total other income, net	<u>\$ (11,638)</u>	<u>\$ (26,657)</u>	<u>\$ (56,294)</u>	<u>\$ (127,129)</u>

Earnings per share information:

Net earnings	\$ 211,890	\$ 216,670	\$ 935,570	\$ 1,018,150
Average shares outstanding	589,075	595,211	591,697	600,071
Basic earnings per share	\$ 0.36	\$ 0.36	\$ 1.58	\$ 1.70
Diluted net earnings	\$ 212,171	\$ 216,969	\$ 936,991	\$ 1,019,357
Diluted shares outstanding	597,653	600,168	598,749	605,917
Diluted earnings per share	\$ 0.36	\$ 0.36	\$ 1.56	\$ 1.68

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

	<u>June 30,</u> <u>2004</u>	<u>June 30,</u> <u>2003</u>
<b><u>Assets</u></b>		
Cash and cash equivalents/Short-term marketable securities	\$ 1,129,075	\$ 2,005,384
Other current assets	<u>1,632,514</u>	<u>1,670,117</u>
Total current assets	2,761,589	3,675,501
Long-term marketable securities	963,501	338,959
Property, plant and equipment, net	642,353	614,701
Other non-current assets	3,849,584	3,396,761
Funds held for clients	<u>12,903,532</u>	<u>11,807,749</u>
Total assets	<u>\$ 21,120,559</u>	<u>\$ 19,833,671</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Total current liabilities	\$ 1,768,424	\$ 1,998,783
Long-term debt	76,200	84,674
Other non-current liabilities	1,018,040	929,826
Client funds obligations	<u>12,840,225</u>	<u>11,448,915</u>
Total liabilities	15,702,889	14,462,198
Total shareholders' equity	<u>5,417,670</u>	<u>5,371,473</u>
Total liabilities and shareholders' equity	<u>\$ 21,120,559</u>	<u>\$ 19,833,671</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," "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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