

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): **October 25, 2004**

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 October 25, 2004, the Registrant issued a press release announcing the Registrant's financial results for the first fiscal quarter ended September 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 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: October 25, 2004

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 October 25, 2004, issued by Automatic Data Processing, Inc.

**ADP REPORTS FIRST FISCAL QUARTER RESULTS;
REVENUES GROW 8%, EPS INCREASES 9% TO \$.35;
FISCAL 2005 REVENUE GUIDANCE RAISED TO 7-8% GROWTH;
DOUBLE-DIGIT EPS GUIDANCE REMAINS UNCHANGED**

ROSELAND, NJ, October 25, 2004 – Automatic Data Processing, Inc. (NYSE:ADP) reported 8% revenue growth and \$.35 earnings per share for the first quarter ended September 30, 2004, Arthur F. Weinbach, chairman and chief executive officer, announced today. Revenues approximated \$1.9 billion compared with \$1.7 billion in fiscal 2004. Pretax and net earnings grew 6% and 7%, respectively. Diluted earnings per share of \$.35 increased 9% from \$.32 per share last year on fewer shares outstanding.

Commenting on the results, Mr. Weinbach said, "I am pleased with our progress and improving results. We are ahead of our expectations in each of our businesses with positive key indicators for future growth in Employer and Brokerage Services. Employer Services' revenues grew 6% in the quarter. New business sales grew 14%, continuing the momentum of double-digit sales growth from the second half of fiscal 2004. Sales were particularly strong in our National Accounts segment and in TotalSource, our Professional Employer Organization (PEO). The number of employees on our clients' payrolls, "pays per control," increased 1.8% in the United States. This employment metric represents over 125 thousand payrolls across a broad range of U.S. geographies ranging from small to very large businesses. Client retention was ahead of last year's record level which is a reflection of our continued investment and commitment to client service.

"Brokerage Services' revenues grew 6% in the quarter. Back-office trades per day increased 10% over last year, while retail trades continued to be weaker than our plan. In September we successfully added a major new client, E*TRADE FINANCIAL, to our back-office transaction processing business. Investor communications mailings increased 22% compared with last year, which was beyond our expectations, and reflects higher stock record growth and interim period mailings. Dealer Services' revenues grew 13% and Claims Services' revenues increased 8% in the quarter. Revenue growth in Dealer Services and Claims Services was favorably impacted by acquisitions made in fiscal 2004.

"Our key metrics, with the exception of interest rates and brokerage retail trades, were strong compared to expectations in the first quarter and we are optimistic looking forward. With first quarter revenue growth ahead of our plans and the continued strong sales momentum, we are raising our revenue guidance to 7-8% growth from mid-single digit revenue growth. We are also increasingly confident in our earnings per share guidance of double-digit growth based on our better than planned first quarter results. This confidence is despite lower than expected interest income and incremental anticipated dilution from our Brokerage Services' acquisition later in the year. Short-term interest rates are in line with expectations; however, long-term rates have softened compared with our original plans. We expect to complete our previously announced acquisition of the U.S. Clearing and BrokerDealer Services division of Bank of America Corporation by early November, a couple of months ahead of schedule, with about \$.02 dilution in fiscal 2005.

"We have continued to acquire ADP shares for treasury. During the first quarter of fiscal 2005, we acquired nearly 5.5 million shares for approximately \$220 million. Our cash and marketable securities balances were strong at \$2.0 billion at September 30, 2004," Mr. Weinbach concluded.

An analyst conference call to review the first quarter results will be held today, Monday, October 25 at 3:30 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 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 \$7.8 billion in revenues and approximately 550,000 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)
(Unaudited)

Three Months Ended September 30,
2004 **2003**

Revenues, other than interest on funds held for clients and PEO revenues	\$ 1,644,533	\$ 1,532,389
Interest on funds held for Clients	84,663	82,934
PEO revenues (A)	<u>125,486</u>	<u>104,954</u>
Total revenues	<u>1,854,682</u>	<u>1,720,277</u>
Operating expenses	867,020	794,241
Selling, general and administrative expenses	446,158	426,878
Systems development and programming costs	148,724	131,754
Depreciation and amortization	74,421	74,726
Other income, net	<u>(12,581)</u>	<u>(18,592)</u>
Total expenses	<u>1,523,742</u>	<u>1,409,007</u>
Earnings before income taxes	330,940	311,270
Provision for income taxes	122,779	116,420
Net earnings	<u>\$ 208,161</u>	<u>\$ 194,850</u>
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.33</u>
Diluted earnings per share	<u>\$ 0.35</u>	<u>\$ 0.32</u>
Dividends per common share	<u>\$ 0.1400</u>	<u>\$ 0.1200</u>

(A) Net of pass-through costs of \$1,149,487 and \$911,569 for the three months ended September 30, 2004 and 2003, respectively.

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

Three Months Ended September 30,

Revenues for select business units (B)		
Employer Services	\$ 1,176,000	\$ 1,111,000
Brokerage Services	\$ 331,000	\$ 314,000
Dealer Services	\$ 238,000	\$ 211,000

Pre-tax earnings for select business units (B)

Employer Services	\$ 219,000	\$ 207,000
Brokerage Services	\$ 39,000	\$ 20,000
Dealer Services	\$ 35,000	\$ 32,000

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

Components of Other Income, net:

Interest income on corporate funds	\$ (25,870)	\$ (22,100)
Interest expense	8,108	4,651
Realized (gains) losses on available-for-sale securities, net	<u>5,181</u>	<u>(1,143)</u>
Total other income, net	<u>\$ (12,581)</u>	<u>\$ (18,592)</u>

Earnings per share information:

Net earnings	\$ 208,161	\$ 194,850
Average shares outstanding	583,551	594,843
Basic earnings per share	\$ 0.36	\$ 0.33
Diluted net earnings	\$ 208,426	\$ 195,177
Diluted shares outstanding	589,952	600,849
Diluted earnings per share	\$ 0.35	\$ 0.32

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

	<u>September 30,</u> <u>2004</u> (Unaudited)	<u>June 30,</u> <u>2004</u>
<u>Assets</u>		
Cash and cash equivalents/Short-term marketable securities	\$ 1,436,860	\$ 1,129,075
Other current assets	<u>1,591,673</u>	<u>1,632,514</u>
Total current assets	3,028,533	2,761,589
Long-term marketable securities	587,887	963,501
Property, plant and equipment, net	645,204	642,353
Other non-current assets	3,873,704	3,849,584
Funds held for clients	<u>15,652,150</u>	<u>12,903,532</u>
Total assets	<u>\$ 23,787,478</u>	<u>\$ 21,120,559</u>
<u>Liabilities and Stockholders' Equity</u>		
Total current liabilities	\$ 1,659,933	\$ 1,768,424
Long-term debt	76,508	76,200
Other non-current liabilities	1,103,328	1,018,040
Client funds obligations	<u>15,534,175</u>	<u>12,840,225</u>
Total liabilities	18,373,944	15,702,889
Total stockholders' equity	<u>5,413,534</u>	<u>5,417,670</u>
Total liabilities and stockholders' equity	<u>\$ 23,787,478</u>	<u>\$ 21,120,559</u>

Segment Information

Employer Services, Brokerage Services and Dealer Services are ADP's largest business units. ADP evaluates performance of its business units based on operating results before interest on corporate funds, foreign currency gains and losses, and income taxes. Certain revenues and expenses are charged to business units at a standard rate for management reasons. Other costs are recorded based on management responsibility. The prior years' business unit revenues and earnings before income taxes have been adjusted to reflect updated fiscal year 2005 budgeted foreign exchange rates. Reconciling items include foreign exchange differences between the actual foreign exchange rates and the fiscal year 2005 budgeted foreign exchange rates and the adjustment for the difference between actual interest income earned on invested funds held for clients and interest credited to Employer Services at a standard rate of 4.5%. The business unit results also include an internal cost of capital charge related to the funding of acquisitions and other investments. This charge is eliminated in consolidation and as such represents a reconciling item to earnings before income taxes.

The tables below show the adjusted quarterly segment revenues and earnings before income taxes and reconciling items for fiscal years 2002, 2003 and 2004, as well as the percentage difference between each period indicated and the same respective prior year period.

Automatic Data Processing, Inc. and Subsidiaries
Revenue by Business Unit
(In millions)

Fiscal Year	Employer Services		Brokerage Services		Dealer Services		Other		Reconciling Items		Total	
	\$	%	\$	%	\$	%	\$	%	Foreign Exchange	Client Fund Interest	\$	%
2002												
Q1	972	9%	365	0%	181	6%	111	0%	(47)	26	1,608	4%
Q2	1,028	5%	370	(1)%	181	3%	132	6%	(51)	21	1,681	3%
Q3	1,172	4%	466	4%	183	1%	103	6%	(56)	2	1,870	1%
Q4	1,009	5%	580	0%	187	3%	115	3%	(47)	1	1,845	2%
Year	<u>4,181</u>	<u>6%</u>	<u>1,781</u>	<u>1%</u>	<u>732</u>	<u>3%</u>	<u>461</u>	<u>4%</u>	<u>(201)</u>	<u>50</u>	<u>7,004</u>	<u>2%</u>
2003												
Q1	1,009	4%	359	(2)%	195	8%	116	5%	(34)	2	1,647	2%
Q2	1,065	4%	320	(14)%	201	11%	137	4%	(35)	(5)	1,683	0%
Q3	1,241	6%	401	(14)%	209	14%	97	(6)%	(23)	(19)	1,906	2%
Q4	1,078	7%	533	(8)%	208	11%	113	(2)%	(2)	(19)	1,911	4%
Year	<u>4,393</u>	<u>5%</u>	<u>1,613</u>	<u>(9)%</u>	<u>813</u>	<u>11%</u>	<u>463</u>	<u>0%</u>	<u>(94)</u>	<u>(41)</u>	<u>7,147</u>	<u>2%</u>
2004												
Q1	1,111	10%	314	(13)%	211	8%	110	(5)%	(5)	(21)	1,720	4%
Q2	1,160	9%	341	7%	218	8%	124	(9)%	10	(26)	1,827	9%
Q3	1,367	10%	452	13%	226	8%	99	2%	28	(51)	2,121	11%
Q4	1,175	9%	560	5%	235	13%	142	26%	17	(42)	2,087	9%
Year	<u>4,813</u>	<u>10%</u>	<u>1,667</u>	<u>3%</u>	<u>890</u>	<u>9%</u>	<u>475</u>	<u>3%</u>	<u>50</u>	<u>(140)</u>	<u>7,755</u>	<u>9%</u>
2005												
Q1	1,176	6%	331	6%	238	13%	121	10%	19	(30)	1,855	8%

Automatic Data Processing, Inc. and Subsidiaries
Pre-tax Earnings by Business Unit
(In millions)

Fiscal Year	Employer Services			Brokerage Services			Dealer Services			Other			Reconciling Items			Total		
	\$	%	Pre-tax Margin	\$	%	Pre-tax Margin	\$	%	Pre-tax Margin	\$	%	Pre-tax Margin	Frn Exch.	Client Fund Int.	Cost of Capital Charge	\$	%	Pre-tax Margin
2002																		
Q1	188	26%	19%	68	5%	19%	28	33%	15%	(13)	(100)%+	(12)%	(4)	26	27	320	11%	20%
Q2	246	24%	24%	64	2%	17%	31	11%	17%	47	100%+	36%	(7)	21	28	430	25%	26%
Q3	356	16%	30%	88	9%	19%	31	11%	17%	69	100%+	67%	(10)	2	36	572	20%	31%
Q4	204	22%	20%	139	8%	24%	30	11%	16%	66	14%	57%	(6)	1	31	465	11%	25%
Year	<u>994</u>	<u>21%</u>	<u>24%</u>	<u>359</u>	<u>6%</u>	<u>20%</u>	<u>120</u>	<u>15%</u>	<u>16%</u>	<u>169</u>	<u>100%+</u>	<u>37%</u>	<u>(27)</u>	<u>50</u>	<u>122</u>	<u>1,787</u>	<u>17%</u>	<u>26%</u>
2003																		
Q1	213	13%	21%	56	(18)%	16%	30	7%	15%	15	100%+	13%	(4)	2	28	340	6%	21%
Q2	268	9%	25%	33	(48)%	10%	35	12%	17%	67	43%	49%	(5)	(5)	30	423	(2)%	25%
Q3	411	15%	33%	45	(49)%	11%	36	16%	17%	39	(43)%	40%	(5)	(19)	26	533	(7)%	28%
Q4	178	(13)%	17%	98	(29)%	18%	36	20%	17%	31	(56)%	25%	-	(19)	25	349	(25)%	18%
Year	<u>1,070</u>	<u>8%</u>	<u>24%</u>	<u>232</u>	<u>(35)%</u>	<u>14%</u>	<u>137</u>	<u>14%</u>	<u>17%</u>	<u>152</u>	<u>(11)%</u>	<u>33%</u>	<u>(14)</u>	<u>(41)</u>	<u>109</u>	<u>1,645</u>	<u>(8)%</u>	<u>23%</u>
2004																		
Q1	207	(3)%	19%	20	(64)%	6%	32	9%	15%	40	100%+	36%	-	(21)	33	311	(9)%	18%
Q2	263	(2)%	23%	33	0%	10%	37	6%	17%	24	(64)%	19%	2	(26)	32	365	(14)%	20%
Q3	386	(6)%	28%	68	50%	15%	39	10%	17%	-	(100)%	0%	4	(51)	34	480	(10)%	23%
Q4	139	(22)%	12%	124	26%	22%	36	(1)%	15%	45	45%	32%	2	(42)	35	339	(3)%	16%
Year	<u>995</u>	<u>(7)%</u>	<u>21%</u>	<u>245</u>	<u>5%</u>	<u>15%</u>	<u>144</u>	<u>6%</u>	<u>16%</u>	<u>109</u>	<u>(28)%</u>	<u>23%</u>	<u>8</u>	<u>(140)</u>	<u>134</u>	<u>1,495</u>	<u>(9)%</u>	<u>19%</u>
2005																		
Q1	219	6%	19%	39	94%	12%	35	8%	15%	31	(23)%	26%	3	(30)	34	331	6%	18%

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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