
FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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	Name of each exchange on which registered
Common Stock, \$.10 Par Value (voting)	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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.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 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(R), 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(TM) payroll check (ADPCheck(TM)), 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 EasyPayNet(sm) Web-based payroll solution for SBS clients, Pay eXpert(R) Web-based payroll solution for Major Accounts clients and its PayForce(sm) 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 TotalChoice(sm) 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 eXpert(sm), 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:

Name	Age	Position	Employed by ADP Since
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
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- 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)

Column A -----	Column B -----	Column C -----		Column D -----	Column E -----
		Additions -----			
		(1)	(2)		
	Balance at beginning of period -----	Charged to costs and expenses -----	Charged to other accounts- describe -----	Deductions- describe -----	Balance at end of period -----
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.

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

Signature -----	Title -----	Date ----
/s/ Ann Dibble Jordan ----- (Ann Dibble Jordan)	Director	September 12, 2003
----- (Harvey M. Krueger)	Director	September __, 2003
----- (Frederic V. Malek)	Director	September __, 2003
/s/ Henry Taub ----- (Henry Taub)	Director	September 12, 2003
/s/ Laurence A. Tisch ----- (Laurence A. Tisch)	Director	September 12, 2003
/s/ Josh S. Weston ----- (Josh S. Weston)	Director	September 12, 2003

Selected Financial Data

(In thousands, except per share amounts)					
Years ended June 30,	2003	2002	2001	2000	1999
Total revenues	\$ 7,147,017	\$ 7,004,263	\$ 6,853,652	\$ 6,168,432	\$ 5,455,707
Earnings before income taxes	\$ 1,645,200	\$ 1,786,970	\$ 1,525,010	\$ 1,289,600	\$ 1,084,500
Net earnings	\$ 1,018,150	\$ 1,100,770	\$ 924,720	\$ 840,800	\$ 696,840
Pro forma net earnings*			\$ 971,680	\$ 881,890	\$ 739,260
Basic earnings per share	\$ 1.70	\$ 1.78	\$ 1.47	\$ 1.34	\$ 1.13
Diluted earnings per share	\$ 1.68	\$ 1.75	\$ 1.44	\$ 1.31	\$ 1.10
Pro forma basic earnings per share*			\$ 1.54	\$ 1.41	\$ 1.20
Pro forma diluted earnings per share*			\$ 1.51	\$ 1.37	\$ 1.17
Basic average shares outstanding	600,071	618,857	629,035	626,766	615,630
Diluted average shares outstanding	605,917	630,579	645,989	646,098	636,892
Cash dividends per share	\$.4750	\$.4475	\$.3950	\$.3388	\$.2950
Return on equity	19.4%	22.4%	19.9%	19.7%	18.7%
At year end:					
Cash, cash equivalents and marketable securities	\$ 2,344,343	\$ 2,749,583	\$ 2,596,964	\$ 2,452,549	\$ 2,169,040
Working capital	\$ 1,676,718	\$ 1,406,155	\$ 1,747,187	\$ 1,767,784	\$ 907,864
Total assets before funds held for clients	\$ 8,025,922	\$ 7,051,251	\$ 6,549,980	\$ 6,429,927	\$ 5,824,820
Total assets	\$19,833,671	\$18,276,522	\$17,889,090	\$16,850,816	\$12,839,553
Long-term debt	\$ 84,674	\$ 90,648	\$ 110,227	\$ 132,017	\$ 145,765
Shareholders' equity	\$ 5,371,473	\$ 5,114,205	\$ 4,700,997	\$ 4,582,818	\$ 4,007,941

*Pro forma net earnings and earnings per share reflect the impact relating to the July 1, 2001 adoption of Statement of Financial Accounting Standards No. 142, which eliminated goodwill amortization.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRITICAL ACCOUNTING POLICIES

Our Consolidated Financial Statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect reported amounts of assets, liabilities, revenues and expenses. We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. The estimates are based on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed below.

Revenue Recognition. Our revenues are primarily attributable to fees for providing services (e.g., Employer Services' payroll processing fees and Brokerage Services' trade processing fees) as well as investment income on payroll funds, tax filing funds and other Employer Services client-related funds. We typically enter into agreements for a fixed fee per transaction (e.g., number of payees). Fees associated with services are recognized in the period services are rendered and earned under service arrangements with clients where service fees are fixed or determinable and collectibility is reasonably assured. Interest income on collected but not yet remitted funds held for clients is recognized in revenues as earned.

We also recognize revenues associated with the sale of software systems and associated software licenses. For a majority of our software sales arrangements, which provide hardware, software licenses, installation and post customer support, revenues are recognized ratably over the software license term as objective evidence of the fair values of the individual elements in the sales arrangement does not exist.

The majority of our revenues are generated from a fee for service model (e.g., fixed-fee per transaction processed) in which revenue is recognized when the related services have been rendered under written price quotations or service agreements having stipulated terms and conditions which do not require management to make any significant judgments or assumptions regarding any potential uncertainties.

Goodwill. We review the carrying value of all our goodwill in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," by comparing the carrying value of our reporting units to their fair values. We are required to perform this comparison at least annually or more frequently if circumstances indicate possible impairment. When determining fair value, we utilize various assumptions, including projections of future cash flows, our weighted average cost of capital and long-term growth rates for our businesses. Any significant adverse changes in key assumptions about our businesses and their prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge. We have approximately \$2.0 billion of goodwill that is not impaired, based on our impairment testing as of June 30, 2003. Given the significance of our goodwill, an adverse change to the fair value could result in an impairment charge, which could be material to our financial statements.

Income taxes. We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. Judgment is required in addressing the future tax consequences of events that have been recognized in our financial statements or tax returns (e.g., realization of deferred tax assets, results of IRS and other tax authorities' examinations of our tax returns). Fluctuations in the actual outcome of these future tax consequences could materially impact our financial statements.

RESULTS OF OPERATIONS ANALYSIS OF CONSOLIDATED OPERATIONS

(In millions, except per share amounts)

	Years Ended June 30,			Change		
	2003	2002	2001	2003	2002	2001
Total revenues	\$7,147	\$7,004	\$6,854	2%	2%	11%
Total expenses	\$5,502	\$5,217	\$5,329	5%	(2%)	9%
Earnings before income taxes	\$1,645	\$1,787	\$1,525	(8%)	17%	18%
Margin	23.0%	25.5%	22.3%			
Provision for income taxes	\$ 627	\$ 686	\$ 600	(9%)	14%	34%
Effective tax rate	38.1%	38.4%	39.4%			
Net earnings	\$1,018	\$1,101	\$ 925	(8%)	19%	10%
Diluted earnings per share	\$ 1.68	\$ 1.75	\$ 1.44	(4%)	22%	10%

2003

Our consolidated revenues grew 2% to \$7.1 billion in fiscal 2003, primarily due to an increase in Employer Services of 5% to \$4.4 billion and an increase in Dealer Services of 12% to \$788 million. These increases were offset by a decrease in our Brokerage Services business of 9%, or \$165 million. Interest income on client funds decreased due to lower interest yields, despite 7% growth in our average client balances during the year to \$8.9 billion. The average interest rate earned on both client funds and corporate funds, exclusive of realized gains/(losses) in fiscal 2003 was 3.9% compared to 4.9% in fiscal 2002. Our revenue growth was impacted primarily by continued weak economic conditions impacting our Employer Services and Brokerage Services businesses and our interest income.

Earnings before income taxes in fiscal 2003 decreased 8% to \$1.6 billion as total expenses grew at a faster rate than revenues. This decrease primarily reflects the 35% decrease in earnings before income taxes in Brokerage Services. While we have focused on cost containment initiatives throughout the fiscal years ended June 30, 2002 and 2003 in order to bring our expense structure in line with our slower revenue growth, our Brokerage Services' cost reductions did not offset the 9% decline in revenues in this business. In March 2003, we announced plans to reduce costs in underperforming or non-strategic businesses. Selling, general and administrative expenses grew 9% to \$1.8 billion and include approximately \$60 million of incremental restructuring charges relating to exiting of certain businesses and cost reduction efforts in certain slow growth businesses, most of which occurred in the fourth quarter of 2003. The restructuring is primarily severance costs, including charges to exit our medical claims business within Claims Services and a small payroll business servicing primarily government agencies, separate from our core payroll business, in the United Kingdom. Operating expenses increased 4% to \$3.1 billion, primarily driven by revenue growth in Employer Services and Dealer Services. Systems development and programming costs increased 5% to \$499 million due to continued investment in our products, primarily in our Employer Services business, and the maintenance of our existing technology throughout all of our businesses. Depreciation and amortization expense decreased 2% to \$275 million due to a decrease in capital expenditures of approximately \$12 million in fiscal 2003 and \$40 million in fiscal 2002. Other income for the year increased to \$127 million, or 12%, from the prior year due to an increase in our net realized gains associated with our investment portfolio of \$13.1 million.

Our effective tax rate for fiscal 2003 was 38.1%, a decrease of 0.3% from fiscal 2002. The decrease is attributable to a favorable mix in income among tax jurisdictions.

Fiscal 2003 net earnings decreased 8% to \$1.0 billion and the related diluted earnings per share decreased 4% to \$1.68. The decrease in net earnings primarily reflects the decrease in earnings before income taxes, slightly offset by a lower effective tax rate. The decrease in diluted earnings per share reflects the decrease in net earnings, partially offset by fewer shares outstanding due to the repurchase of approximately 27.4 million shares for approximately \$940 million during the year and the lower impact of stock options on dilution during fiscal 2003. The total share repurchases in fiscal 2003 is a reflection of our confidence in the long-term growth prospects of our businesses.

For fiscal 2004, we are forecasting mid-single digit revenue growth and diluted earnings per share of \$1.50 - \$1.60. This reflects our anticipation of the ongoing impact of the continued weak economy on Employer Services and Brokerage Services, and lower interest rates, causing a decline in interest income on corporate and client funds of \$60 - \$80 million from 2003. We expect to invest an incremental \$90 - \$100 million in our highest growth opportunities, primarily in Employer Services. We also expect to spend \$40 - \$45 million on our Employer of Choice initiatives aimed at retaining our quality associates.

2002

In fiscal 2002, our consolidated revenues increased 2% to \$7.0 billion compared to fiscal 2001. The increase was primarily due to an increase in Employer Services of 5% to \$4.2 billion offset by a decrease in interest income. Interest income decreased due to lower interest yields, despite higher average client fund balances. Revenue growth in fiscal 2002 was impacted by weak economic conditions resulting in slower

sales, lower client retention and fewer employees on our clients' payrolls in our Employer Services business and reductions in discretionary spending in the financial services industry, particularly in research and implementation services.

Fiscal 2002 earnings before income taxes increased 17% to \$1.8 billion, primarily due to growth in revenue, declines in selling, general and administrative expenses and systems development and programming costs and a significant increase in other income. Operating expenses increased 2% to \$3.0 billion compared to fiscal 2001 primarily driven by revenue growth in Employer Services, Brokerage Services and Dealer Services. Selling, general and administrative expenses decreased 4% to \$1.6 billion as a result of our cost containment initiatives during the year, to bring our expense structure in line with our slower revenue growth. Systems development and programming costs decreased 8% to \$475 million as a result of our cost containment initiatives during the year, primarily related to the maintenance of existing applications, while funding of investments in new products continued. Depreciation and amortization expense decreased 13% to \$279 million compared to the prior year due to the adoption of SFAS No. 142 which resulted in the elimination of goodwill amortization. Other income increased 58% to \$114 million, primarily due to the \$90 million write-off of our investment in Bridge Information Systems, Inc. (Bridge) in fiscal 2001 which was a non-cash, non-recurring write-off of our total investment in Bridge offset by a \$45 million decrease in interest income attributable to a 1.3% decrease in the average interest rates earned on corporate funds in fiscal 2002.

Our effective tax rate for fiscal 2002 was 38.4%, a decrease of 1% from fiscal 2001. The decrease in the effective tax rate was primarily due to the impact of adopting SFAS No. 142 and the resulting elimination of goodwill amortization expense in fiscal 2002. Adjusting fiscal 2001 for the pro forma impact of SFAS No. 142, the effective income tax rate was 38.5%.

Net earnings in fiscal 2002 increased 19% to \$1.1 billion and the related diluted earnings per share increased 22% to \$1.75. The increase in net earnings primarily reflected the increase in earnings before income taxes. The increase in diluted earnings per share primarily reflected the increase in net earnings, as well as fewer shares outstanding due to the repurchase of 17.4 million shares during fiscal 2002.

ANALYSIS OF BUSINESS SEGMENTS

REVENUES

(In millions)	Years Ended June 30,			Change		
	2003	2002	2001	2003	2002	2001
Employer Services	\$4,401	\$4,180	\$3,964	5%	5%	12%
Brokerage Services	1,593	1,758	1,742	(9)	1	19
Dealer Services	788	706	683	12	3	(4)
Other	420	425	412	(1)	4	7
Reconciling items:						
Foreign exchange	119	8	23	-	-	-
Client fund interest	(174)	(73)	30	-	-	-
Total revenues	\$7,147	\$7,004	\$6,854	2%	2%	11%

EARNINGS BEFORE INCOME TAXES

(In millions)	Years Ended June 30,			Change		
	2003	2002	2001	2003	2002	2001
Employer Services	\$1,193	\$1,110	\$ 937	7%	18%	21%
Brokerage Services	230	354	332	(35)	7	(1)
Dealer Services	132	116	99	14	17	(12)
Other	143	157	60	(9)	162	84
Reconciling items:						
Foreign exchange	12	1	3	-	-	-
Client fund interest	(174)	(73)	30	-	-	-
Cost of capital charge	109	122	64	-	-	-
Total earnings before income taxes	\$1,645	\$1,787	\$1,525	(8%)	17%	18%

MAJOR BUSINESS UNITS

Certain revenues and expenses are charged to the business units at a standard rate for management and motivational reasons. Other costs are recorded based on management responsibility. As a result, various income and expense items, including certain non-recurring gains and losses, are recorded at the corporate level and certain shared costs are not allocated. The prior years' business unit revenues and earnings before income taxes have been adjusted to reflect fiscal 2003 budgeted foreign exchange rates.

EMPLOYER SERVICES

Employer Services' revenues grew 5% in fiscal 2003. Despite the continued negative impacts of the weak economy, Employer Services continued to grow primarily due to the increases in our North America payroll and tax businesses, as well as strong growth in our beyond payroll products including our Professional Employer Organization (PEO) business. Client retention improved 1% from the prior year, however, new business sales declined 2% for the year and pays per control, which represents the number of employees on our clients' payrolls, also decreased 1% for the year. Employer Services' revenues include interest earned on collected but not yet remitted funds held for clients at a standard rate of 6%, or \$543 million, an increase of 7% over fiscal 2002. Earnings before income taxes grew 7% as a result of increased revenues and our continued cost containment efforts.

On June 20, 2003, we acquired all of the outstanding shares of ProBusiness Services, Inc. for cash of approximately \$517 million, net of cash acquired. ProBusiness Services, Inc., which has become a part of our Employer Services segment, is expected to generate approximately \$150 million in revenue in fiscal 2004.

In fiscal 2002, Employer Services' revenues grew 5%, compared to 12% in 2001. Revenue growth was impacted by weak economic conditions, which resulted in slower sales, lower client retention due primarily to bankruptcies, and fewer pays per control. Employer Services' revenues shown above include interest earned on collected but not yet remitted funds held for clients at a standard rate of 6%, or \$505 million, an increase of 3% over fiscal 2001. Earnings before income taxes grew 18% as a result of increased revenues and continued cost containment efforts.

BROKERAGE SERVICES

Brokerage Services' revenues declined 9% in fiscal 2003 when compared to fiscal 2002 primarily due to continued industry consolidations which impact trades per day, reduced discretionary spending and reduced mutual fund and equity proxy mailings. Trade processing revenues

declined due to a 13% decline in trades per day from 1.5 million in fiscal 2002 to 1.3 million in fiscal 2003. Revenue per trade also declined due to the change in the mix of retail vs. institutional trades, industry consolidations and pricing pressures. Proxy revenues declined due to a 6% decline in pieces delivered from 806 million in fiscal 2002 to 754 million in fiscal 2003. Stock record growth, which is a measure of how many shareholders own a security compared with the prior year and a key factor in the number of pieces delivered, decreased 1% in fiscal 2003 as compared to 10% growth in fiscal 2002. Earnings before income taxes declined 35% primarily due to the decline in revenues. We have continued to focus on cost reductions in our under-performing businesses in order to properly align our cost structure with the slower growth levels.

In fiscal 2002, revenues increased 1% compared to 19% in fiscal 2001. Excluding acquisitions, revenues would have decreased 4% primarily due to consolidations within the financial services industry affecting trade volumes and lower revenue per trade due to pricing pressures. A reduction in discretionary spending in the financial services industry, particularly in research and implementation services also contributed to the decline in fiscal 2002 revenue growth. Earnings before income taxes increased 7% as a result of operating efficiencies, the impact of our cost containment initiatives and the transition of the proxy mailings and voting process to electronic delivery.

DEALER SERVICES

Dealer Services' revenues increased 12% in fiscal 2003 when compared to fiscal 2002. Excluding acquisitions, revenue growth increased approximately 8%. Revenue growth was generated by strong client retention and increased revenues in the traditional core business as well as from new services, primarily Application Service Provider (ASP) managed services, Networking and Computer Vehicle Registration. Sales of our Customer Relationship Management Systems continue to be strong. Earnings before income taxes grew 14% as a result of increased revenues and continued cost containment efforts.

Fiscal 2002 revenues increased 3% compared to fiscal 2001. This revenue growth compares to a 4% revenue decline in fiscal 2001. Earnings before income taxes grew 17% due to operating efficiencies and cost containment efforts, offset by investments in new products and acquisitions.

OTHER

The primary components of "Other" revenues are Claims Services, miscellaneous processing services and corporate expenses.

Reconciling items for revenues and earnings before income taxes include foreign exchange differences between the actual and the fiscal year 2003 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 6%.

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.

FINANCIAL CONDITION

Our financial condition and balance sheet remain exceptionally strong. At June 30, 2003, cash and marketable securities approximated \$2.3 billion. Shareholders' equity was approximately \$5.4 billion and return on average equity for the year was over 19%. The ratio of long-term debt to equity at June 30, 2003 was 1.6%.

In fiscal 2003, zero coupon convertible subordinated notes were converted to 0.5 million shares of common stock.

On June 20, 2003, we purchased ProBusiness Services, Inc. for a total of approximately \$517 million, net of cash acquired, of which \$351 million was paid as of June 30, 2003 and the remaining \$166 million will be paid as former ProBusiness shareholders tender their shares. We also acquired ten other businesses during 2003 for approximately \$118 million, net of cash acquired. The cost of acquisitions in 2002 and 2001 aggregated \$232 million (including \$12 million in common stock) and \$75 million, respectively. The cash used in all of our acquisitions was generated from our cash flows from operations. See Note 3 to the Consolidated Financial Statements for more information regarding acquisitions.

Capital expenditures during 2003 were \$134 million following investments of \$146 million in 2002 and \$185 million in 2001. Capital expenditures in fiscal 2004 should approximate \$150 to \$175 million.

The following table provides a summary of our contractual obligations as of June 30, 2003:

(In thousands) Contractual Obligations	Payments due by period				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
Debt Obligations (1)	\$ 825	\$ 574	\$ 1,017	\$ 83,083	\$ 85,499

Operating Lease Obligations (2)	296,258	366,042	168,298	99,057	929,655
Purchase Obligations (3)	40,109	19,817	6,394	101	66,421
Total	\$337,192	\$386,433	\$175,709	\$182,241	\$1,081,575

(1) These amounts are included in our Consolidated Balance Sheets. See Note 7 to the Consolidated Financial Statements for additional information about our debt and related matters.

(2) Included in these amounts are various facilities and equipment leases, and software license agreements. We enter into operating leases in the normal course of business relating to facilities and equipment. The majority of our lease agreements have fixed payment terms based on the passage of time. Certain leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices. Our future operating lease obligations could change if we exit certain contracts and if we enter into additional operating lease agreements.

(3) Purchase obligations primarily relate to maintenance agreements on our software, equipment and other assets.

It is not our business practice to enter into off-balance sheet arrangements. However, in the normal course of business, we do enter into contracts in which we make certain representations and warranties that guarantee the performance of our products and services as well as other indemnifications in the normal course of business. There have historically been no material losses related to such guarantees and indemnifications and we do not expect there to be any in the future.

LIQUIDITY AND CAPITAL RESOURCES

The primary source of our liquidity is our net earnings of \$1.0 billion in fiscal 2003. Cash flows generated from operations were approximately \$1.6 billion for the year ended June 30, 2003, supporting our strong cash position. This amount compares to cash flows from operations of \$1.5 billion in fiscal 2002 and 2001.

Cash flows provided by investing activities in fiscal 2003 totaled \$177 million compared to cash flows used in investing activities in fiscal 2002 of approximately \$1.1 billion. This fluctuation between periods is primarily due to the timing of purchases and proceeds of marketable securities and client fund money market securities, the net change in client funds obligations and an increase in acquisitions in fiscal 2003.

Cash flows used in financing activities in fiscal 2003 totaled \$1.1 billion compared to \$928 million in fiscal 2002. This increase reflects higher repurchases of common stock of approximately \$63 million and lower proceeds from stock purchase plan and exercises of stock options of approximately \$135 million. In fiscal 2003, we purchased approximately 27.4 million shares of common stock at an average price per share of approximately \$34. As of June 30, 2003, we had remaining Board of Directors' authorization to purchase up to 43.5 million additional shares.

During fiscal 2003, approximately twenty percent of our overall investment portfolio was invested in cash and cash equivalents, which are therefore impacted almost immediately by changes in short-term interest rates. The other eighty percent of our investment portfolio was invested in fixed-income securities, with varying maturities of less than ten years, which are also subject to interest rate risk including reinvestment risk. We have historically had the ability to hold most of these investments until maturity, and therefore, fluctuations in interest rates have not had an adverse impact on income or cash flows.

Details regarding our corporate investments and funds held for clients are as follows:

(In millions)	2003	2002	2001
YEARS ENDED JUNE 30:			
Average investment balances at cost:			
Corporate investments	\$ 3,374.4	\$ 2,752.3	\$ 2,598.9
Funds held for clients	8,936.8	8,376.6	8,188.6
Total	\$12,311.2	\$11,128.9	\$10,787.5
Average interest rates earned exclusive of realized gains/(losses) on corporate investments and funds held for clients	3.9%	4.9%	6.2%
Realized gains on available-for-sale securities	\$ 34.5	\$ 22.7	\$ 15.0
Realized losses on available-for-sale securities	\$ (4.9)	\$ (6.2)	\$ (92.6) *

AS OF JUNE 30:

Unrealized pre-tax gains on available-for-sale securities	\$ 375.9	\$ 208.8	\$ 140.2
	=====	=====	=====
Total available-for-sale securities	\$ 9,875.9	\$ 9,856.4	\$ 7,729.4
	=====	=====	=====

*Includes a \$90 million (\$54 million after-tax) non-cash, non-recurring write-off of our investment in Bridge Information Systems, Inc. See Note 2 to the Consolidated Financial Statements.

The earnings impact of future interest rate changes is based on many factors, which influence the return on our portfolio. These factors include, among others, the amount of invested funds and the overall portfolio mix between short-term and long-term investments. This mix varies during the year and is impacted by daily interest rate changes. A hypothetical change in interest rates of 25 basis points applied to estimated average investment balances in fiscal 2004 would result in approximately an \$11.0 million impact to earnings before income taxes over the twelve-month period.

In October 2002, we entered into a new \$4.0 billion unsecured revolving credit agreement with certain financial institutions, replacing an existing \$4.0 billion credit agreement. The interest rate applicable to the borrowings is tied to LIBOR or prime rate depending on the notification provided to the syndicated financial institutions prior to borrowing. We are also required to pay a facility fee on the credit agreement. The primary uses of the credit facility are to provide liquidity to the unsecured commercial paper program and to fund normal business operations, if necessary. There have been no borrowings through June 30, 2003 under the credit agreement, which expires in October 2003.

In April 2002, we initiated a short-term commercial paper program providing for the issuance of up to \$ 4.0 billion in aggregate maturity value of commercial paper at our discretion. Our commercial paper program is rated A-1+ by Standard and Poor's and Prime 1 by Moody's. These ratings denote the highest quality investment grade securities. Maturities of commercial paper can range from overnight to 270 days. We use the commercial paper issuances as a primary instrument to meet short-term financing requirements related to client funds obligations. At June 30, 2003 and 2002, there was no commercial paper outstanding. For the year ended June 30, 2003, we had average borrowings of \$879 million at an effective weighted average interest rate of 1.5%. From the inception of the commercial paper program in April 2002 through the fiscal year ended June 30, 2002, we had average borrowings of \$667 million at an effective weighted average interest rate of 1.8%.

Our short-term financing is sometimes obtained on a secured basis through the use of repurchase agreements, which are collateralized principally by U.S. government securities. These agreements generally have terms ranging from overnight up to ten days. At June 30, 2003 and 2002, there were no outstanding repurchase agreements. For the fiscal years ended June 30, 2003 and 2002, we had average outstanding borrowings of \$6 million and \$361 million, respectively, at an average interest rate of 3.0% and 2.6%, respectively.

In June 2003, we formed a new wholly-owned subsidiary, ADP Indemnity, Inc. The primary purpose of this subsidiary is to provide workers' compensation insurance coverage for our PEO worksite employees. This insurance was previously provided by a third party. At June 30, 2003, ADP Indemnity, Inc. had a cash balance of approximately \$62.1 million to cover potential future insurance claims.

MARKET PRICE, DIVIDEND DATA AND OTHER

The market price of our common stock (symbol: ADP) based on New York Stock Exchange composite transactions and cash dividends per share declared during the past two years have been:

Fiscal 2003 quarter ended	Price Per Share		Dividends Per Share
	High	Low	
June 30	\$36.08	\$30.80	\$.1200
March 31	\$40.81	\$27.24	\$.1200
December 31	\$45.96	\$33.76	\$.1200
September 30	\$43.75	\$31.15	\$.1150

Fiscal 2002 quarter ended			
June 30	\$58.00	\$42.35	\$.1150
March 31	\$59.53	\$51.00	\$.1150
December 31	\$60.37	\$46.70	\$.1150
September 30	\$53.97	\$41.00	\$.1025

As of June 30, 2003, there were approximately 35,884 holders of record of our common stock. Approximately 316,607 additional holders have their stock in "street name."

NEW ACCOUNTING PRONOUNCEMENTS

In March 2003, the Emerging Issues Task Force (EITF) published EITF Issue No. 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables" (EITF 00-21). EITF 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it performs multiple revenue-generating activities and how to determine whether such an arrangement involving multiple deliverables contains more than one unit of accounting for purposes of revenue recognition. The guidance in EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Accordingly, we have adopted EITF 00-21 effective July 1, 2003. We do not expect EITF 00-21 to have a material impact on our Consolidated Financial Statements.

FORWARD LOOKING STATEMENTS

This report 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.

Statements of Consolidated Earnings

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts)

Years Ended June 30,	2003	2002	2001
Revenues other than interest on funds held for clients and PEO revenues	\$6,412,059	\$6,305,206	\$6,100,112
Interest on funds held for clients	368,727	431,236	518,956
PEO revenues(A)	366,231	267,821	234,584
Total revenues	7,147,017	7,004,263	6,853,652
Operating expenses	3,096,719	2,970,645	2,900,124
Selling, general and administrative expenses	1,758,353	1,606,690	1,665,447
Systems development and programming costs	499,192	474,843	514,279
Depreciation and amortization	274,682	279,077	320,856
Other income, net	(127,129)	(113,962)	(72,064)
	5,501,817	5,217,293	5,328,642
Earnings before income taxes	1,645,200	1,786,970	1,525,010
Provision for income taxes	627,050	686,200	600,290
Net earnings	\$1,018,150	\$1,100,770	\$ 924,720
Basic earnings per share	\$ 1.70	\$ 1.78	\$ 1.47
Diluted earnings per share	\$ 1.68	\$ 1.75	\$ 1.44
Basic average shares outstanding	600,071	618,857	629,035
Diluted average shares outstanding	605,917	630,579	645,989

(A) Net of pass-through costs of \$3,462,783, \$2,648,321 and \$2,446,768, respectively.

See notes to consolidated financial statements.

Consolidated Balance Sheets

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts)

June 30,	2003	2002
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,410,218	\$ 798,810
Short-term marketable securities	595,166	677,005
Accounts receivable, net	1,005,833	1,045,170
Other current assets	664,284	296,272
	-----	-----
Total current assets	3,675,501	2,817,257
Long-term marketable securities	338,959	1,273,768
Long-term receivables	180,354	192,769
Property, plant and equipment:		
Land and buildings	477,682	458,478
Data processing equipment	780,044	696,829
Furniture, leaseholds and other	603,451	540,217
	-----	-----
	1,861,177	1,695,524
Less accumulated depreciation	(1,246,476)	(1,099,073)
	-----	-----
	614,701	596,451
Other assets	565,385	293,808
Goodwill	1,981,131	1,375,654
Intangible assets, net	669,891	501,544
	-----	-----
Total assets before funds held for clients	8,025,922	7,051,251
Funds held for clients	11,807,749	11,225,271
	-----	-----
Total assets	\$19,833,671	\$18,276,522
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 173,988	\$ 148,694
Accrued expenses and other current liabilities	1,609,665	1,035,389
Income taxes payable	215,130	227,019
	-----	-----
Total current liabilities	1,998,783	1,411,102
Long-term debt	84,674	90,648
Other liabilities	270,267	233,671
Deferred income taxes	320,796	237,633
Deferred revenues	338,763	138,893
	-----	-----
Total liabilities before client funds obligations	3,013,283	2,111,947
Client funds obligations	11,448,915	11,050,370
	-----	-----
Total liabilities	14,462,198	13,162,317
	-----	-----
Shareholders' equity:		
Preferred stock, \$1.00 par value:		
Authorized, 300 shares; issued, none	--	--
Common stock, \$.10 par value:		
Authorized, 1,000,000 shares; issued,		
638,702 shares at June 30, 2003 and 2002	63,870	63,870
Capital in excess of par value	211,339	333,371
Retained earnings	6,710,863	5,977,318
Treasury stock - at cost: 43,863 and 22,385		
shares, respectively	(1,773,418)	(1,142,041)
Accumulated other comprehensive income (loss)	158,819	(118,313)
	-----	-----
Total shareholders' equity	5,371,473	5,114,205
	-----	-----
Total liabilities and shareholders' equity	\$19,833,671	\$18,276,522
	=====	=====

See notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts)	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Comprehensive Income	Accumulated Other Comprehensive Income (Loss)
	Shares	Amount					
Balance at June 30, 2000	631,443	\$63,144	\$402,767	\$4,477,141	\$ (130,800)	\$ 924,720	\$(229,434)
Net earnings	--	--	--	924,720	--	--	--
Currency translation adjustments	--	--	--	--	--	(80,816)	(80,816)
Unrealized net gain on securities, net of tax	--	--	--	--	--	77,286	77,286
Comprehensive income						\$ 921,190	
Employee stock plans and related tax benefits	6,878	688	163,464	--	187,058		
Treasury stock acquired (16,558 shares)	--	--	--	--	(935,064)		
Acquisitions (22 shares)	--	--	234	--	839		
Debt conversion (1,303 shares)	381	38	(12,538)	--	40,723		
Dividends (\$.3950 per share)	--	--	--	(248,453)	--		
Balance at June 30, 2001	638,702	63,870	553,927	5,153,408	(837,244)	\$1,100,770	(232,964)
Net earnings	--	--	--	1,100,770	--	73,504	--
Currency translation adjustments	--	--	--	--	--	--	73,504
Unrealized net gain on securities, net of tax	--	--	--	--	--	41,147	41,147
Comprehensive income						\$1,215,421	
Employee stock plans and related tax benefits	--	--	(197,083)	--	515,729		
Treasury stock acquired (17,412 shares)	--	--	--	--	(875,449)		
Acquisitions (226 shares)	--	--	(423)	--	12,848		
Debt conversion (705 shares)	--	--	(23,050)	--	42,075		
Dividends (\$.4475 per share)	--	--	--	(276,860)	--		
Balance at June 30, 2002	638,702	63,870	333,371	5,977,318	(1,142,041)	\$1,018,150	(118,313)
Net earnings	--	--	--	1,018,150	--	174,046	--
Currency translation adjustments	--	--	--	--	--	--	174,046
Unrealized net gain on securities, net of tax	--	--	--	--	--	108,562	108,562
Minimum pension liability adjustment, net of tax	--	--	--	--	--	(5,476)	(5,476)
Comprehensive income						\$1,295,282	
Employee stock plans and related tax benefits	--	--	(103,593)	--	268,938		
Treasury stock acquired (27,413 shares)	--	--	--	--	(938,545)		
Acquisitions (294 shares)	--	--	(3,056)	--	14,883		
Debt conversion (462 shares)	--	--	(15,383)	--	23,347		
Dividends (\$.4750 per share)	--	--	--	(284,605)	--		
Balance at June 30, 2003	638,702	\$63,870	\$211,339	\$6,710,863	\$(1,773,418)		\$ 158,819

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

Automatic Data Processing, Inc. and Subsidiaries

(In thousands)

Years Ended June 30,

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 1,018,150	\$ 1,100,770	\$ 924,720
Adjustments to reconcile net earnings to net cash flows provided by operating activities:			
Depreciation and amortization	274,682	279,077	320,856
Write-off of investment in Bridge Information Systems, Inc.	-	-	90,000
Deferred income taxes	(15,775)	8,680	29,450
Increase in receivables and other assets	(94,422)	(73,511)	(70,699)
Increase in accounts payable and accrued expenses	287,174	138,141	182,634
Other	95,280	78,547	14,063
Net cash flows provided by operating activities	1,565,089	1,531,704	1,491,024
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities	(3,451,554)	(6,243,228)	(6,864,707)
Proceeds from sale of marketable securities	4,014,300	4,167,028	3,087,406
Net proceeds from client fund money market securities	1,501,286	1,645,908	2,891,273
Net change in client funds obligations	(967,797)	(188,484)	818,082
Capital expenditures	(133,758)	(145,621)	(185,406)
Additions to intangibles	(144,728)	(109,799)	(97,448)
Acquisitions of businesses, net of cash acquired	(651,320)	(219,783)	(73,667)
Disposals of businesses	4,035	7,200	900
Other	6,609	6,286	(32,267)
Net cash flows provided by (used in) investing activities	177,073	(1,080,493)	(455,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of debt	(1,384)	(3,919)	(48,567)
Proceeds from issuance of notes	964	358	26,435
Repurchases of common stock	(938,545)	(875,449)	(935,064)
Proceeds from stock purchase plan and exercises of stock options	92,816	228,113	218,178
Dividends paid	(284,605)	(276,860)	(248,453)
Net cash flows used in financing activities	(1,130,754)	(927,757)	(987,471)
Net change in cash and cash equivalents	611,408	(476,546)	47,719
Cash and cash equivalents, at beginning of period	798,810	1,275,356	1,227,637
Cash and cash equivalents, at end of period	\$ 1,410,218	\$ 798,810	\$ 1,275,356

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Automatic Data Processing, Inc. and Subsidiaries

Years ended June 30, 2003, 2002 and 2001

(Unless otherwise noted, amounts in thousands, except per share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CONSOLIDATION AND BASIS OF PREPARATION. The consolidated financial statements include the financial results of Automatic Data Processing, Inc. and its majority-owned subsidiaries (the "Company" or "ADP"). Intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

B. REVENUE RECOGNITION.

A majority of the Company's revenues are attributable to fees for providing services (e.g., Employer Services' payroll processing fees and Brokerage Services' trade processing fees) as well as investment income on payroll funds, tax filing funds and other Employer Services' client-related funds. The Company typically enters into agreements for a fixed fee per transaction (e.g., number of payees). Fees associated with services are recognized in the period services are rendered and earned under service arrangements with clients where service fees are fixed or determinable and collectibility is reasonably assured. Interest income on collected but not yet remitted funds held for clients is recognized in revenues as earned.

The Company also recognizes revenues associated with the sale of software systems and associated software licenses. For a majority of the Company's software sales arrangements, which provide hardware, software licenses, installation and post customer support, revenues are recognized ratably over the software license term as objective evidence of the fair values of the individual elements in the sales arrangement does not exist. As part of the sale of software systems, the Company recognizes revenues from the sale of hardware, which is recorded net of the associated costs.

Postage fees for client mailings are included in revenues and the associated postage expenses are included in operating expenses. Professional Employer Organization (PEO) service revenues are included in revenues and are reported net of direct costs billed and incurred for PEO worksite employees, which primarily include payroll wages and payroll taxes.

C. CASH AND CASH EQUIVALENTS. Highly-liquid investments with a maturity of ninety days or less at the time of purchase are considered cash equivalents.

D. INVESTMENTS. Corporate investments and funds held for clients at June 30, 2003 and 2002.

	2003		2002	
	Cost	Fair Value	Cost	Fair Value
Money market securities and other cash equivalents:				
Corporate investments	\$ 1,410,218	\$ 1,410,218	\$ 798,810	\$ 798,810
Funds held for clients	2,865,957	2,865,957	3,319,646	3,319,646
Total money market securities and other cash equivalents	4,276,175	4,276,175	4,118,456	4,118,456
Available-for-sale securities:				
Corporate investments	917,026	934,125	1,916,896	1,950,773
Funds held for clients	8,582,958	8,941,792	7,730,724	7,905,625
Total available-for-sale securities	9,499,984	9,875,917	9,647,620	9,856,398
Total corporate investments and funds held for clients	\$13,776,159	\$14,152,092	\$13,766,076	\$13,974,854

All of the Company's marketable securities are considered to be "available-for-sale" at June 30, 2003 and, accordingly, are carried on the Consolidated Balance Sheets at fair value.

Expected maturities of available-for-sale securities for both corporate investments and funds held for clients at June 30, 2003 are as follows:

Maturity Dates:	
Due in one year or less	\$2,732,443
Due after one year through two years	3,402,876
Due after two years through three years	1,882,764
Due after three years through four years	779,654
Due after four years through ten years	1,078,180

Total available-for-sale securities	\$9,875,917
	=====

E. PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment is stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the improvements.

The estimated useful lives of assets are primarily as follows:

-----		-----
Data processing equipment		2 to 3 years
-----		-----
Buildings		20 to 40 years
-----		-----
Furniture and fixtures		3 to 7 years
-----		-----

F. GOODWILL AND INTANGIBLES. In July 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" (SFAS No. 142), which requires that goodwill no longer be amortized, but instead tested for impairment at least annually at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Intangible assets with finite lives continue to be amortized primarily on the straight-line basis over their estimated useful lives. Prior to fiscal 2002, the Company amortized goodwill over periods from 10 to 40 years. Proforma net income and diluted earnings per share for the year ended June 30, 2001, would have been \$972 million and \$1.51, respectively, had the Company applied the non-amortization methodology of SFAS No. 142.

G. FOREIGN CURRENCY TRANSLATION. The net assets of the Company's foreign subsidiaries are translated into U.S. dollars based on exchange rates in effect at the end of each period, and revenues and expenses are translated at average exchange rates during the periods. Currency transaction gains or losses, which are included in the results of operations, are immaterial for all periods presented. Gains or losses from balance sheet translation are included in accumulated other comprehensive income on the balance sheet.

H. EARNINGS PER SHARE (EPS). The calculations of basic and diluted EPS are as follows:

Years ended June 30,	Basic	Effect of Zero Coupon Subordinated Notes	Effect of Stock Options	Diluted

2003				
Net earnings	\$1,018,150	\$ 1,207	\$ --	\$1,019,357
Average shares	600,071	1,693	4,153	605,917
EPS	\$ 1.70			\$ 1.68

2002				
Net earnings	\$1,100,770	\$ 1,611	\$ --	\$1,102,381
Average shares	618,857	2,352	9,370	630,579
EPS	\$ 1.78			\$ 1.75

2001				
Net earnings	\$ 924,720	\$ 2,340	\$ --	\$ 927,060
Average shares	629,035	3,472	13,482	645,989
EPS	\$ 1.47			\$ 1.44

I. INTERNAL USE SOFTWARE. The Company capitalizes certain costs associated with computer software developed or obtained for internal use in accordance with the provisions of Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or

Obtained for Internal Use." The Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, ADP also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of capitalizable payroll costs with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post implementation stage activities are expensed as incurred. The Company also expenses internal costs related to minor upgrades and enhancements, as it is impractical to separate these costs from normal maintenance activities. Capitalized costs related to computer software developed or obtained for internal use are amortized over a three- to five-year period on a straight-line basis.

J. COMPUTER SOFTWARE TO BE SOLD, LEASED OR OTHERWISE MARKETED. The Company capitalizes certain costs of computer software to be sold, leased or otherwise marketed in accordance with the provisions of SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." The Company's policy provides for the capitalization of all software production costs upon reaching technological feasibility for a specific product. Technological feasibility is attained when software products have a completed working model whose consistency with the overall product design has been confirmed by testing. Costs incurred prior to the establishment of technological feasibility are expensed as incurred. The establishment of technological feasibility requires considerable judgment by management and in many instances is only attained a short time prior to the general release of the software. Upon the general release of the software product to customers, capitalization ceases and such costs are amortized over a three-year period on a straight-line basis. Maintenance-related costs are expensed as incurred.

K. FAIR VALUE ACCOUNTING FOR STOCK PLANS. In December 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" (SFAS No. 148) which amends SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation and requires disclosures in annual and interim financial statements of the effects of stock-based compensation as reflected below.

The Company continues to account for its stock option and employee stock purchase plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation expense related to the Company's stock option and stock purchase plans is reflected in net earnings, as all options granted under the stock option plans had an exercise price equal to the market value of the underlying common stock on the date of grant, and for the stock purchase plan the discount does not exceed fifteen percent.

The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

Years ended June 30, -----	2003 ----	2002 ----	2001 ----
Net earnings, as reported	\$1,018,150	\$1,100,770	\$924,720
Deduct: Total stock-based employee compensation expense determined using the fair value-based method for all awards, net of related tax effects	(123,062)	(120,010)	(106,628)
Pro forma net earnings	\$895,088 =====	\$980,760 =====	\$818,092 =====
Earnings per share:			
Basic - as reported	\$1.70 =====	\$1.78 =====	\$1.47 =====
Basic - pro forma	\$1.49 =====	\$1.58 =====	\$1.30 =====
Diluted - as reported	\$1.68 =====	\$1.75 =====	\$1.44 =====
Diluted - pro forma	\$1.48 =====	\$1.56 =====	\$1.27 =====

The fair value for these instruments was estimated at the date of grant using a Black-Scholes valuation model with the following weighted average assumptions:

Years ended June 30, -----	2003 -----	2002 -----	2001 -----
Risk-free interest rate	3.2%-4.1%	4.3%-5.2%	5.3%-6.0%
Dividend yield	.8%-.9%	.7%-.8%	.7%-.8%
Volatility factor	29.5%-31.7%	25.9%-27.9%	27.9%-28.2%
Expected life:			
Options	6.4	6.3	6.3
Stock purchase plans	2.0	2.0	2.0
Weighted average fair value:			
Options	\$12.85	\$16.54	\$21.31
Stock purchase plans	\$12.94	\$21.55	\$20.58

See Note 9, Employee Benefit Plans, for additional information relating to the Company's stock plans.

L. RECLASSIFICATION OF PRIOR FINANCIAL STATEMENTS. Certain

reclassifications have been made to previous years' financial statements to conform to the 2003 presentation.

M. INCOME TAXES. The provisions for income taxes, income taxes payable and deferred income taxes are determined using the liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws to taxable years in which such differences are expected to reverse. A valuation allowance is provided when the Company determines that it is more likely than not that a portion of the deferred tax asset balance will not be realized.

N. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS. In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company has provided information regarding commitments and contingencies relating to guarantees in Note 11. There have been no material commitments and contingencies requiring recognition in the Consolidated Financial Statements since December 31, 2002.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS No. 146), which nullifies Emerging Issues Task Force (EITF) Issue No. 94-3 (EITF 94-3), "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. The provisions of SFAS No. 146 are effective and are being applied to all exit or disposal activities initiated since December 31, 2002. These provisions affect the timing of the recognition of the Company's exit and disposal costs.

On July 1, 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). This standard supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" (SFAS No. 121), and replaces the accounting and reporting provisions of APB Opinion No. 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," as it relates to the disposal of a segment of a business. SFAS No. 144 requires the use of a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations, by requiring those long-lived assets to be measured at the lower of carrying amount or fair value less cost to sell. The impairment recognition and measurement provisions of SFAS No. 121 were retained for all long-lived assets to be held and used with the exception of goodwill. Accordingly, the Company periodically evaluates its long-lived assets for impairment by comparing the undiscounted cash flows to the carrying value of the related long-lived asset. If the undiscounted cash flows are less than the carrying value, the Company will write down the asset to its fair value.

O. NEW ACCOUNTING PRONOUNCEMENTS. In March 2003, the EITF published Issue No. 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables" (EITF 00-21). EITF 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which it performs multiple revenue-generating activities and how to determine whether such an arrangement involving multiple deliverables contains more than one unit of accounting for purposes of revenue recognition. The guidance in this Issue is effective for revenue arrangements entered in fiscal periods beginning after June 15, 2003. Accordingly, the Company has adopted EITF 00-21 effective July 1, 2003. The Company does not expect EITF 00-21 to have a material impact on the Consolidated Financial Statements.

NOTE 2. OTHER INCOME, NET CONSISTS OF THE FOLLOWING:

Years ended June 30,	2003	2002	2001
Interest income on corporate funds	\$(119,413)	\$(118,672)	\$(163,918)
Interest expense	21,838	21,164	14,260
Realized gains on available-for-sale securities	(34,491)	(22,657)	(15,023)
Realized losses on available-for-sale securities	4,937	6,203	92,617
Total other income, net	\$(127,129)	\$(113,962)	\$(72,064)

Proceeds from the sale of available-for-sale securities were \$4.0 billion, \$4.2 billion and \$3.1 billion for the years-ended June 30, 2003, 2002 and 2001, respectively.

In fiscal 1999, the Company divested its Brokerage front-office business to Bridge Information Systems, Inc. (Bridge), and received \$90

million of Bridge convertible preferred stock as part of the proceeds. In fiscal 2001, Bridge filed for bankruptcy and the Company recorded a \$90 million (\$54 million net of tax) write-off of its investment.

NOTE 3. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations were recorded on the Company's Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company's Statements of Consolidated Earnings since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations are subject to revision when the Company receives final information, including appraisals and other analyses. Revisions to the fair values, which may be significant, will be recorded by the Company as further adjustments to the purchase price allocations.

On June 20, 2003, the Company acquired all of the outstanding common and preferred stock of ProBusiness Services, Inc. (ProBusiness) for \$17 per common share and \$26 per preferred share. The transaction was consummated in cash of approximately \$517 million, net of cash acquired, of which \$351 million was paid as of June 30, 2003. The remaining \$166 million will be paid to former ProBusiness shareholders as they tender their shares. ProBusiness Services, Inc. is a leading provider of comprehensive payroll and human resource processing solutions to larger employers within the United States. The acquisition resulted in approximately \$417 million of goodwill. Intangible assets acquired of approximately \$79.8 million consist of software, customer contracts and lists and other intangible assets which are being amortized over an average life of 8 years.

The Company also acquired ten additional businesses in fiscal 2003 for approximately \$118 million, net of cash acquired. These acquisitions resulted in approximately \$90 million of goodwill. Intangible assets acquired of approximately \$27.9 million consist of software, customer contracts and lists and other intangible assets which are being amortized over an average life of 5 years.

In addition to goodwill recognized in these transactions noted above, ADP made contingent payments totaling \$28 million (including \$12 million in common stock), relating to previously consummated acquisitions. As of June 30, 2003, the Company has contingent consideration remaining for all transactions of approximately \$138 million, which is payable over the next three years, subject to the acquired entity's achievement of specified revenue, earnings and/or development targets.

The Company purchased several businesses in fiscal 2002 and 2001 in the amount of \$232 million (including \$12 million in common stock) and \$75 million, respectively, net of cash acquired.

The acquisitions discussed above for fiscal 2003, 2002 and 2001 were not material to the Company's operations, financial position or cash flows.

NOTE 4. RECEIVABLES

Accounts receivable is net of an allowance for doubtful accounts of \$55 million and \$53 million at June 30, 2003 and 2002, respectively.

The Company finances the sale of computer systems to certain of its clients. These finance receivables, most of which are due from automobile and truck dealerships, are reflected in the consolidated balance sheets as follows:

June 30,	2003		2002	
	Current	Long-term	Current	Long-term
Receivables	\$167,328	\$209,177	\$181,609	\$227,422
Less:				
Allowance for doubtful accounts	(7,337)	(11,103)	(9,216)	(16,020)
Unearned income	(20,563)	(17,720)	(23,100)	(18,633)
	\$139,428	\$180,354	\$149,293	\$192,769

Unearned income from finance receivables represents the excess of gross receivables over the sales price of the computer systems financed. Unearned income is amortized using the effective interest method to maintain a constant rate of return on the net investment over the term of each contract.

Long-term receivables at June 30, 2003 mature as follows:

2006	61,061
2007	30,708
2008	9,842
2009	298
Thereafter	92

	\$209,177

NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET

Changes in goodwill for the year ended June 30, 2003 are as follows:

	Employer Services	Brokerage Services	Dealer Services	Other	Total
Balance as of June 30, 2002	\$ 751,451	\$348,960	\$182,642	\$ 92,601	\$1,375,654
Additions	472,234	21,704	29,013	11,619	534,570
Other	(5,221)	(6,089)	2,434	-	(8,876)
Sale of businesses	(110)	-	-	(537)	(647)
Cumulative translation adjustments	68,774	2,200	1,045	8,411	80,430
Balance as of June 30, 2003	\$1,287,128	\$366,775	\$215,134	\$112,094	\$1,981,131

No impairment losses were recognized during the year.

Components of intangible assets are as follows:

June 30,	2003	2002
Intangibles		
Software licenses	\$ 578,261	\$ 462,474
Customer contracts and lists	545,978	384,785
Other	405,860	373,978
	-----	-----
	1,530,099	1,221,237
Less accumulated amortization	(860,208)	(719,693)
Intangible assets, net	\$ 669,891	\$ 501,544
	=====	=====

Other intangibles consist primarily of purchased rights, covenants, patents and trademarks (acquired directly or through acquisitions). All of the intangible assets have finite lives and as such are subject to amortization. The weighted-average remaining useful life of the intangible assets is 11 years (2 years for software licenses, 15 years for customer contracts and lists and 14 years for other). Amortization of intangibles totaled \$114 million for fiscal 2003, \$115 million for 2002 and \$103 million for 2001. Estimated amortization expenses of the Company's existing intangible assets for the next five years are as follows:

2004	\$122,675
2005	\$103,026
2006	\$ 73,177
2007	\$ 56,196
2008	\$ 48,599

NOTE 6. SHORT-TERM FINANCING

In October 2002, the Company entered into a new \$4.0 billion, unsecured revolving credit agreement with certain financial institutions, replacing an existing \$4.0 billion credit agreement. The interest rate applicable to the borrowings is tied to LIBOR or prime rate depending on

the notification provided to the syndicated financial institutions prior to borrowing. The Company is also required to pay a facility fee on the credit agreement. The primary uses of the credit facility are to provide liquidity to the unsecured commercial paper program and to fund normal business operations, if necessary. The Company has had no borrowings through June 30, 2003 under the credit agreement, which expires in October 2003.

In April 2002, the Company initiated a short-term commercial paper program providing for the issuance of up to \$4.0 billion in aggregate maturity value of commercial paper at the Company's discretion. The Company's commercial paper program is rated A-1+ by Standard and Poor's and Prime 1 by Moody's. These ratings denote the highest quality investment grade securities. Maturities of commercial paper can range from overnight to 270 days. The Company uses the commercial paper issuances as a primary instrument to meet short-term funding requirements related to client funds obligations. At June 30, 2003 and 2002, there was no commercial paper outstanding. For the year ended June 30, 2003, the Company had average borrowings of \$879 million at an effective weighted average interest rate of 1.5%. From the inception of the commercial paper program in April 2002 through the fiscal year ended June 30, 2002, the Company had average borrowings of \$667 million at an effective weighted average interest rate of 1.8%.

The Company's short-term financing is sometimes obtained on a secured basis through the use of repurchase agreements, which are collateralized principally by U.S. government securities. These agreements generally have terms ranging from overnight up to ten days. At June 30, 2003 and 2002, there were no outstanding repurchase agreements. For the fiscal years ended June 30, 2003 and 2002, the Company had average outstanding borrowings of \$6 million and \$361 million, respectively, at an average interest rate of 3.0% and 2.6%, respectively.

NOTE 7. DEBT

Components of long-term debt are as follows:

June 30,	2003	2002
Zero coupon convertible subordinated notes (5.25% yield)	\$ 39,661	\$ 45,614
Industrial revenue bonds (with variable interest rates from 1.25% to 1.53%)	36,500	36,474
Other	9,338	8,685
	85,499	90,773
Less current portion	(825)	(125)
	\$ 84,674	\$ 90,648

The zero coupon convertible subordinated notes have a face value of approximately \$62 million at June 30, 2003 and mature February 20, 2012, unless converted or redeemed earlier. At June 30, 2003, the notes were convertible into approximately 1.6 million shares of the Company's common stock. The notes are callable at the option of the Company, and the holders of the notes can convert into common stock at any time or require redemption in fiscal 2007. During fiscal 2003 and 2002, approximately \$18 million and \$27 million face value of notes were converted, respectively. As of June 30, 2003 and 2002, the quoted market prices for the zero coupon notes were approximately \$55 million and \$90 million, respectively. The fair value of the other debt, included above, approximates its carrying value.

Long-term debt repayments at June 30, 2003 are due as follows:

2005	\$ 417
2006	157
2007	163
2008	854
2009	16,365
Thereafter	66,718
	\$ 84,674

Cash payments relating to interest were approximately \$20 million

in fiscal 2003, \$18 million in fiscal 2002 and \$10 million in fiscal 2001.

NOTE 8. FUNDS HELD FOR CLIENTS AND CLIENT FUNDS OBLIGATIONS

As part of its integrated payroll and payroll tax filing services, the Company impounds funds for federal, state and local employment taxes from approximately 364,000 clients; handles all regulatory payroll tax filings, correspondence, amendments, and penalty and interest disputes; remits

the funds to the appropriate tax agencies; and handles other employer-related services. In addition to fees paid by clients for these services, the Company receives interest during the interval between the receipt and disbursement of these funds by investing the funds primarily in fixed-income instruments. The amount of collected but not yet remitted funds for the Company's payroll and tax filing and certain other services varies significantly during the year and averaged approximately \$8.9 billion in fiscal 2003, \$8.4 billion in fiscal 2002 and \$8.2 billion in fiscal 2001.

NOTE 9. EMPLOYEE BENEFIT PLANS

A. STOCK PLANS. The Company has stock option plans which provide for the issuance, to eligible employees, of incentive and non-qualified stock options, which may expire as much as 10 years from the date of grant, at prices not less than the fair market value on the date of grant. At June 30, 2003, there were 11,293 participants in the plans. The aggregate purchase price for options outstanding at June 30, 2003 was approximately \$2.5 billion. The options expire at various points between 2003 and 2013.

A summary of changes in the stock option plans for the three years ended June 30, 2003, is as follows:

Years ended June 30,	Number of Options			Weighted Average Price		
	2003	2002	2001	2003	2002	2001
Options outstanding, beginning of year	50,843	47,496	46,694	\$41	\$37	\$29
Options granted	15,867	12,325	10,740	\$37	\$49	\$57
Options exercised	(2,588)	(6,481)	(7,956)	\$19	\$22	\$18
Options canceled	(3,164)	(2,497)	(1,982)	\$48	\$47	\$38
Options outstanding, end of year	60,958	50,843	47,496	\$41	\$41	\$37
Options exercisable, end of year	27,617	21,626	19,929	\$36	\$31	\$25
Shares available for future grants, end of year	1,189	13,892	1,720			
Shares reserved for issuance under stock option plans	62,147	64,735	49,216			

Summarized information about stock options outstanding as of June 30, 2003 is as follows:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options (In thousands)	Remaining Life (In years)	Weighted Average Price	Number of Options (In thousands)	Weighted Average Price
Under \$15	2,012	1.0	\$13	1,994	\$13
\$15 to \$25	5,451	3.0	\$20	5,407	\$20
\$25 to \$35	13,523	7.6	\$32	4,857	\$29
\$35 to \$45	18,840	7.3	\$42	8,440	\$41
\$45 to \$55	15,309	8.1	\$50	4,620	\$51
Over \$55	5,823	7.2	\$60	2,299	\$60

The Company has stock purchase plans under which eligible employees have the ability to purchase shares of common stock at 85% of the lower of market value as of the date of purchase election or as of the end of the plans. Approximately 3.6 million and 2.2 million shares are scheduled for issuance on December 31, 2004 and 2003, respectively. Approximately 1.5 million and 2.3 million shares were issued during the years ended June 30, 2003 and 2002, respectively. At June 30, 2003 and 2002, there were approximately 0.6 million and 3.3 million shares, respectively, reserved for purchase under the plans. Included in liabilities as of June 30, 2003 and 2002 are employee stock purchase plan withholdings of approximately \$87 million and \$93 million, respectively.

The Company has a restricted stock plan under which shares of common stock have been sold for nominal consideration to certain key employees. These shares are restricted as to transfer and in certain circumstances must be resold to the Company at the original purchase price. The restrictions lapse over periods of up to six years. During the years ended June 30, 2003, 2002 and 2001 the Company issued 221 thousand, 144 thousand and 173 thousand restricted shares, respectively.

B. PENSION PLANS. The Company has a defined benefit cash balance pension plan covering substantially all U.S. employees, under which employees are credited with a percentage of base pay plus interest. The plan interest credit rate will vary from year-to-year based on the ten-year U.S. Treasury rate. Employees are fully vested on completion of five years of service. The Company's policy is to make contributions within the range determined by generally accepted actuarial principles. In addition, the Company has various retirement plans for its non-U.S. employees and maintains a Supplemental Officer Retirement Plan ("SORP"). The SORP is a defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key officers upon retirement based upon the officer's years of service and compensation.

The plans' funded status as of June 30, 2003 and 2002 follows:

June 30,	2003	2002
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 444,500	\$ 477,800
Actual return on plan assets	20,400	(55,200)
Employer contributions	99,700	33,800
Benefits paid	(11,400)	(11,900)
Fair value of plan assets at end of year	\$ 553,200	\$ 444,500
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 484,600	\$ 409,700
Service cost	25,600	17,400
Interest cost	31,200	29,100
Actuarial and other losses	63,400	40,300
Benefits paid	(11,400)	(11,900)
Projected benefit obligation at end of year	\$ 593,400	\$ 484,600
Projected benefits in excess of plan assets	\$ (40,200)	\$ (40,100)
Unrecognized net actuarial loss due to different experience than assumed	279,800	183,500
Prepaid pension cost	\$ 239,600	\$ 143,400

The components of net pension expense were as follows:

Years ended June 30,	2003	2002	2001
Service cost - benefits earned during the period	\$ 25,600	\$ 17,400	\$ 31,400
Interest cost on projected benefits	31,200	29,100	23,600
Expected return on plan assets	(50,500)	(46,300)	(40,100)
Net amortization and deferral	1,100	(500)	200
	\$ 7,400	\$ (300)	\$ 15,100

Assumptions used to develop the actuarial present value of benefit obligations generally were:

Years ended June 30,	2003	2002
Discount rate	5.75%	6.75%
Expected long-term rate on assets	7.25%	8.50%
Increase in compensation levels	6.0%	6.0%

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Company's pension plans with accumulated benefit obligations in excess of plan assets were \$67 million, \$59 million and \$19 million, respectively, as of June 30, 2003, and \$69 million, \$61 million and \$26 million, respectively, as of June 30, 2002.

C. RETIREMENT AND SAVINGS PLAN. The Company has a 401(k) retirement and savings plan, which allows eligible employees to contribute up to 20% of their compensation annually and allows highly compensated employees to contribute up to 10% of their compensation

annually. The Company matches a portion of employee contributions, which amounted to approximately \$34 million, \$35 million and \$31 million for calendar years 2002, 2001 and 2000, respectively.

NOTE 10. INCOME TAXES

Earnings before income taxes shown below are based on the geographic location to which such earnings are attributable.

Years ended June 30,	2003	2002	2001
Earnings before income taxes:			
US	\$1,474,915	\$1,618,885	\$1,375,220
Non-US	170,285	168,085	149,790
	\$1,645,200	\$1,786,970	\$1,525,010

The provision for income taxes consists of the following components:

Years ended June 30,	2003	2002	2001
Current:			
Federal	\$ 496,920	\$ 542,980	\$ 439,745
Non-U.S.	84,180	67,380	77,435
State	61,725	67,160	53,660
Total current	642,825	677,520	570,840
Deferred:			
Federal	430	6,525	24,895
Non-U.S.	(16,350)	(20)	(3,743)
State	145	2,175	8,298
Total deferred	(15,775)	8,680	29,450
Total provision	\$ 627,050	\$ 686,200	\$ 600,290

A reconciliation between the Company's effective tax rate and the U.S. federal statutory rate is as follows:

Years ended June 30,	2003	%	2002	%	2001	%
Provision for taxes at U.S. statutory rate	\$ 575,820	35.0	\$ 625,415	35.0	\$ 533,800	35.0
Increase (decrease) in provision from:						
State taxes, net of federal tax benefit	40,215	2.4	45,070	2.5	40,270	2.6
Other	11,015	0.7	15,715	0.9	26,220	1.8
	\$ 627,050	38.1	\$ 686,200	38.4	\$ 600,290	39.4

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

June 30,	2003	2002
DEFERRED TAX ASSETS:		
Accrued expenses not currently deductible	\$178,893	\$135,604
Net operating losses	58,178	30,861
Other	29,023	18,320
	266,094	184,785
Less: Valuation allowances	(32,220)	(40,140)

Deferred tax assets - net	\$233,874	\$144,645

DEFERRED TAX LIABILITIES:		
Unrealized investment gains	\$ 142,102	\$ 83,512
Accrued retirement benefits	90,730	81,883
Depreciation and amortization	188,943	164,160
Other	49,244	50,660
	-----	-----
Deferred tax liabilities	\$ 471,019	\$380,215
	-----	-----
NET DEFERRED TAX LIABILITIES	\$ 237,145	\$235,570
	-----	-----

There are \$83.7 million and \$2.1 million net current deferred tax assets included in other current assets in the balance sheet at June 30, 2003 and June 30, 2002, respectively.

Income taxes have not been provided on undistributed earnings of foreign subsidiaries as the Company considers such earnings to be permanently reinvested as of June 30, 2003 and June 30, 2002.

The Company has estimated domestic and foreign net operating loss carry forwards of approximately \$103.2 million and \$66.9 million, respectively, at June 30, 2003 and approximately \$0 and \$85.2 million, respectively, at June 30, 2002.

The Company has recorded valuation allowances of \$32.2 million and \$40.1 million at June 30, 2003 and June 30, 2002, respectively, to reflect the estimated amount of foreign deferred tax assets that may not be realized. A portion of the valuation allowances in the amounts of approximately \$11.6 million and \$17.7 million at June 30, 2003 and June 30, 2002, respectively, relate to net deferred tax assets which were recorded in purchase accounting. The recognition of such amounts in future years will be allocated to reduce the excess purchase price over the net assets acquired.

Income tax payments were approximately \$686 million in 2003, \$518 million in 2002 and \$437 million in 2001.

NOTE 11. CONTRACTUAL COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

The Company has obligations under various facilities and equipment leases and software license agreements. Total expense under these agreements was approximately \$319 million in 2003, \$272 million in 2002 and \$269 million in 2001, with minimum commitments at June 30, 2003 as follows:

Years ending June 30,	
2004	296,258
2005	226,301
2006	139,741
2007	95,010
2008	73,288
Thereafter	99,057

	\$929,655
	=====

In addition to fixed rentals, certain leases require payment of

maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices.

As of June 30, 2003, the Company has purchase commitments of approximately \$66 million relating to software and equipment maintenance contracts, of which \$40 million relates to fiscal 2004 and the remaining \$26 million relates to fiscal years 2005 through 2009.

The Company is subject to various claims and litigation in the normal course of business. The Company does not believe that the resolution of these matters will have a material impact on the consolidated financial statements.

It is not our business practice to enter into off-balance sheet arrangements. However, in the normal course of business, the Company does enter into contracts in which it makes representations and warranties that guarantee the performance of the Company's products and services as well as other indemnifications entered into in the normal course of business. Historically, there have been no material losses related to such guarantees and indemnifications.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Comprehensive income is a measure of income which includes both net income and other comprehensive income (loss). Other comprehensive income

(loss) results from items deferred on the balance sheet in shareholders' equity. Other comprehensive income (loss) was \$277 million, \$115 million and (\$4) million in 2003, 2002 and 2001, respectively. The accumulated balances for each component of other comprehensive income (loss) are as follows:

June 30,	2003	2002	2001
Currency translation adjustments	\$(69,535)	\$(243,581)	\$(317,085)
Unrealized gain on available-for-sale securities, net of tax	233,830	125,268	84,121
Minimum pension liability adjustment, net of tax	(5,476)	-	-
Accumulated other comprehensive income (loss)	\$158,819	\$(118,313)	\$(232,964)

NOTE 13. FINANCIAL DATA BY SEGMENT

Employer Services, Brokerage Services and Dealer Services are the Company'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 and motivation reasons. Other costs are recorded based on management responsibility. Prior years' business unit revenues and earnings before income taxes have been adjusted to reflect updated fiscal year 2003 budgeted foreign exchange rates. Business unit assets include funds held for clients but exclude corporate cash, marketable securities and goodwill. "Other" consists primarily of Claims Services, miscellaneous processing services and corporate. Reconciling items for revenues and earnings before income taxes include foreign exchange differences between the actual foreign exchange rates and the fiscal year 2003 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 6%. 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.

(In millions)	Employer Services	Brokerage Services	Dealer Services	Other	Reconciling Items	Total
Year ended June 30, 2003						
Revenues	\$ 4,401	\$ 1,593	\$ 788	\$ 420	\$ (55)	\$ 7,147
Earnings before income taxes	\$ 1,193	\$ 230	\$ 132	\$ 143	\$ (53)	\$ 1,645
Assets	\$13,278	\$ 556	\$ 351	\$ 5,649	-	\$19,834
Capital expenditures	\$ 66	\$ 24	\$ 26	\$ 18	-	\$ 134
Depreciation and amortization	\$ 193	\$ 95	\$ 50	\$ 46	\$ (109)	\$ 275
Year ended June 30, 2002						
Revenues	\$ 4,180	\$ 1,758	\$ 706	\$ 425	\$ (65)	\$ 7,004
Earnings before income taxes	\$ 1,110	\$ 354	\$ 116	\$ 157	\$ 50	\$ 1,787
Assets	\$12,244	\$ 566	\$ 181	\$ 5,286	-	\$18,277
Capital expenditures	\$ 71	\$ 33	\$ 21	\$ 21	-	\$ 146
Depreciation and amortization	\$ 208	\$ 108	\$ 40	\$ 45	\$ (122)	\$ 279
Year ended June 30, 2001						
Revenues	\$ 3,964	\$ 1,742	\$ 683	\$ 412	\$ 53	\$ 6,854
Earnings before income taxes	\$ 937	\$ 332	\$ 99	\$ 60	\$ 97	\$ 1,525
Assets	\$12,320	\$ 523	\$ 183	\$ 4,863	-	\$17,889
Capital expenditures	\$ 106	\$ 33	\$ 23	\$ 23	-	\$ 185
Depreciation and amortization	\$ 196	\$ 109	\$ 38	\$ 42	\$ (64)	\$ 321

Revenues and assets by geographic area are as follows:

(In millions)	United States	Europe	Canada	Other	Total
Year ended June 30, 2003					
Revenues	\$ 6,016	\$ 775	\$ 292	\$ 64	\$ 7,147
Assets	\$16,841	\$1,476	\$1,391	\$ 126	\$19,834
Year ended June 30, 2002					
Revenues	\$ 5,978	\$ 673	\$ 270	\$ 83	\$ 7,004

Assets	\$16,055	\$1,214	\$ 843	\$ 165	\$18,277
Year ended June 30, 2001					
Revenues	\$ 5,827	\$ 641	\$ 279	\$ 107	\$ 6,854
Assets	\$15,799	\$1,055	\$ 910	\$ 125	\$17,889

NOTE 14. QUARTERLY FINANCIAL RESULTS (UNAUDITED)

Summarized quarterly results of operations for the two years ended June 30, 2003 are as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
Year ended June 30, 2003				
Revenues	\$1,646,685	\$1,682,995	\$1,905,778	\$1,911,559
Net earnings	\$ 210,400	\$ 261,690	\$ 329,390	\$ 216,670
Basic earnings per share	\$.35	\$.44	\$.55	\$.36
Diluted earnings per share	\$.34	\$.43	\$.54	\$.36
	-----	-----	-----	-----
Year ended June 30, 2002				
Revenues	\$1,607,883	\$1,681,028	\$1,870,036	\$1,845,316
Net earnings	\$ 196,600	\$ 264,600	\$ 352,260	\$ 287,310
Basic earnings per share	\$.32	\$.43	\$.57	\$.47
Diluted earnings per share	\$.31	\$.42	\$.56	\$.46
	-----	-----	-----	-----

REPORT OF MANAGEMENT

Management is responsible for the preparation of the accompanying financial statements. The financial statements, which include amounts based on the application of business judgments, have been prepared in conformity with generally accepted accounting principles. Deloitte & Touche LLP, independent certified public accountants, has audited our consolidated financial statements as described in their report.

The Company maintains financial control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with management authorization. The control systems are supported by written policies and the control environment is regularly evaluated by both the Company's internal auditors and Deloitte & Touche LLP.

The Board of Directors has an Audit Committee comprised of four outside directors. The Audit Committee meets with both Deloitte & Touche LLP and the internal auditors with and without management's presence. It monitors and reviews the Company's financial statements and internal controls, and the scope of the internal auditors' and Deloitte & Touche LLP's audits. Deloitte & Touche LLP and the internal auditors have free access to the Audit Committee.

*/s/ Arthur F. Weinbach
Arthur F. Weinbach
Chairman and Chief Executive
Officer*

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

*Roseland, New Jersey
July 28, 2003*

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Automatic Data Processing, Inc. and subsidiaries (the "Company") as of June 30, 2003 and 2002, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Automatic Data Processing, Inc. and subsidiaries as of June 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, on July 1, 2001, the Company adopted the non-amortization provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/ Deloitte & Touche LLP

*New York, New York
July 28, 2003*

Name of Subsidiary

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

Name of Subsidiary

Jurisdiction of
Incorporation

Cunningham Graphics International, S.A.
Digital Motorworks Holdings, Inc.
GSI Transport Tourisme S.A.
Informex S.A.
OMR Systems Corporation
ProBusiness Holding Company, Inc.
ProBusiness Services, Inc.

British Virgin Islands
Texas
France
Belgium
New Jersey
Delaware
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

EXHIBIT 31.1

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

EXHIBIT 31.2

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. ss. 1350, as adopted pursuant to ss. 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. ss. 1350, as adopted pursuant to ss. 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