AUTOMATIC DATA PROCESSING INC

FORM 10-K
(Annual Report)

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Address	ONE ADP BOULVARD
	ROSELAND, New Jersey 07068
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Industry	Business Services
Sector	Services
Fiscal Year	06/30

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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 X 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. [x]

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of September 10, 1999 was approximately $25,993,400,000. On September 10, 1999, there were 624,590,771 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Registrant's 1999 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 9, 1999. Part III

PART I

ITEM 1. BUSINESS

Automatic Data Processing, Inc., incorporated in Delaware in 1961, and its subsidiaries (collectively, "ADP") are engaged in the computing services business. The following summary describes ADP's activities.

INDUSTRY SEGMENT

All of ADP's computing services enable clients to process and/or distribute data (their own, ADP's or that of third parties) and/or to interactively access and utilize ADP and third party databases and information, utilizing ADP's batch, interactive and client site systems.

EMPLOYER SERVICES

ADP Employer Services offers a comprehensive range of payroll, human resources, benefits administration, time and attendance and tax filing and reporting services to more than 425,000 employers in the United States, Canada, Europe and Latin America. In addition to its direct marketing, Employer Services has marketing relationships with many banks and accountants whereby ADP offers its services to their business clients. In fiscal 1999, North America accounted for 88% of Employer Services' revenues, with Europe generating 11% of Employer Services' revenues and Latin America (principally Brazil) contributing the remaining 1%.

In North America, payroll and tax filing and other reporting services comprise approximately 83% of Employer Services' revenue. Payroll services include the preparation of client employee paychecks and electronic direct deposits (in conjunction with major bank partners), 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. ADP's tax filing services process federal, state and local payroll taxes on behalf of ADP clients and remit such taxes to the appropriate taxing authorities when due. As new products evolve (such as new hire reporting, ADP check/full service direct deposit and wage garnishment payment), the ADP Tax and Financial Services Center is also responsible for the efficient movement of funds and information to third parties. In Europe and Latin America, ADP Employer Services provides the European or Latin American equivalent of these services.

ADP's Employer Services approach to the market is to match a client's needs with the product that will best meet expectations. In North America, approximately 38% of Employer Services' payroll and payroll tax filing services revenue during the past fiscal year was attributable to its Emerging Business Services (companies with less than 100 employees); approximately 41% of such revenue was attributable to Major Accounts (companies with between 100 and 999 employees) and approximately 21% of such revenue was attributable to National Accounts (companies with 1,000 or more employees).

ADP's Human Resources (HR) services, operating in conjunction with a client's payroll database, provide comprehensive recordkeeping HR services, including benefits administration and outsourcing, applicant tracking, employee history and position control. The various HR systems run on standalone PC's, local or wide area networks or client/server systems.

Emerging Business Services processes payroll for over 325,000 clients. EBS provides these smaller companies of usually 1-100 employees with leading solutions, including a range of value-added services that are specifically designed for small business clients. Major Accounts (100-1000 employees) offers a full suite of best-of-breed employer services solutions for mid-size companies, including full database and other functional integration between payroll and HR. Many of the world's largest corporations (over 1000 employees) are ADP National Accounts clients. In many cases, ADP provides system solutions for its clients' entire human resource, payroll and benefits needs. For those companies who choose to process these applications in-house, ADP also delivers stand-alone services such as payroll tax filing, check printing and distribution, and year-end statements (I.E. W-2's). Other large clients rely on ADP to design and deliver their own customized human resource information systems and benefits outsourcing solutions.

The ADP Tax and Financial Services Center supports all three of these market segments. It provides an electronic interface between approximately 330,000 ADP clients in the United States and Canada and about 2,000 federal, state and local tax agencies, from the Internal Revenue Service to local town governments. In fiscal 1999, the ADP Tax and Financial Service Center processed over 16 million federal and other employer payroll tax returns.

This year, ADP became the second largest professional employer organization ("PEO") in the United States with the acquisition of The Vincam Group, Inc. A PEO provides a comprehensive outsourcing solution, including payroll, HR, benefits and workers' compensation to its clients. ADP's combined PEO business, called TOTALSOURCEsm, supports over 81,000 work-site employees in eight states.

ADP complements its payroll and HR services with additional employer services that include products ranging from time and attendance tracking to 401(k) recordkeeping. ADP's unemployment compensation services aid clients in managing and reducing unemployment insurance costs. ADP enhanced its position as a leading benefits administration provider with the acquisition of the benefits administration business of Johnson & Higgins/Kirke Van Orsdel, Inc. Additionally, ADP initiated relationships with enterprise resource providers, enabling ADP to link its payroll and HR systems with ERP systems.

The continued increase in multinational companies makes payroll and human resource management services a global opportunity. ADP Europe provides payroll solutions to nearly 25,000 clients in nine European countries. ADP Europe is the only Pan-European service provider, and more than half of the top 500 companies in Europe - those with 1,000 or more employees - are ADP Europe clients. In fiscal 1999, ADP Europe acquired three companies: Chessington (UK), Realisator (Switzerland) and Adid (France). Additionally, ADP is well positioned in Latin America to take advantage of future growth in this market. As previously stated, Employer Services' European and Latin American operations already comprise 12% of the consolidated Employer Services worldwide revenues.

In fiscal 1999, ADP initiated Global Business Services. Through Global Business Services, ADP will provide a dedicated sales and service organization trained and equipped to handle payroll for clients with diverse locations in ADP's major world markets.

BROKERAGE SERVICES

ADP Brokerage Services provides transaction processing, desktop productivity applications and investor communications services to the financial services industry. These services include back-office stock brokerage and related financial computing services such as trade processing, cage management, stock loan accounting, on-line inquiry and data collection, portfolio reporting, order matching and on-line trading. ADP Brokerage Services serves a diverse client base, including full-service and discount brokerage firms, global banks and Internet brokerage companies, as well as corporations, mutual funds, institutional investors, trading firms and other providers of financial services.

In fiscal 1999, ADP Brokerage Services processed a significant portion of all U.S. and Canadian retail equity transactions, with combined daily volumes of 827,000 trades per day - clearly making ADP Brokerage Services the largest provider of transaction processing in North America.

This year, ADP Brokerage Services introduced Internet-based products, such as electronic delivery of trade confirmations and statements, and a mutual fund sales tool, where users can view current fund information. ADP's clients can now order trades on-line for immediate delivery to an investor. ADP Brokerage Services also acquired Leading Edge Technologies, a supplier of software solutions to traders in the mortgage-backed securities market, and OMR Systems, a leading provider of global trade processing solutions for financial institutions.

ADP Investor Communications Services (ICS), provides data processing, computerized vote tabulation, printing, mailing and literature fulfillment services. In fiscal 1999, ICS processed over 450 million shareholder mailings for over 14,000 publicly-traded companies on behalf of more than 800 brokerage firms and banks and 450 mutual fund families. This year, ICS tabulated over 50 million ballots representing more than 330 billion shares. Currently, 60% of all shares are voted over the telephone, the Internet, or via ProxyEdge(R), our PC-based electronic voting and recordkeeping product. ICS also distributed more than 10 million prospectuses to meet the post-sale customer compliance requirements of our clients. In March 1999, ADP ICS acquired Management Information Services Corp., a provider of shareholder communication services to mutual funds and the insurance industry.

Internationally, ADP Brokerage Services serves brokerage and banking clients in 20 countries, processing their transactions in many currencies. Thirteen of the top 15 global banks use ADP's transactions processing services. ADP's Wilco Systems' GlossSM series international trading and settlement systems offer global multi-instrument, multi-currency trading, settlement and accounting services. The GlossSM product has specific features for North America, Europe, Asia and emerging markets. In fiscal 1999, ADP ICS distributed proxies and tabulated votes on behalf of client holdings in more than 70 countries. In addition, ICS began processing beneficial proxy services for large cap issuers in the domestic market of The Netherlands.

DEALER SERVICES

ADP's Dealer Services provides computing, data and professional services to automobile and truck dealerships, as well as manufacturers, world-wide. Approximately 18,000 dealers (including more than 7,500 European automobile dealers and parts wholesalers) and more than 30 vehicle manufacturers use ADP's on-site systems and communications networks to manage sales, operations and marketing.

ADP offers clients a service solution that includes computer hardware, licensed software, software support, network consulting, design and hardware maintenance services. Clients use ADP's systems to manage business activities such as accounting, inventory, factory communications, scheduling, finance, insurance, sales and service. ADP designs, establishes and maintains communications networks for its clients that allow interactive communications among multiple site locations for larger dealers as well as links between franchise dealers and their respective manufacturers. These networks are used for new vehicle ordering, status inquiry and warranty submission and validation, parts and vehicle locating, credit application submissions, vehicle repair estimates, vehicle registration and lienholder information.

Changes in customer expectations and manufacturers' requirements are modifying how the traditional dealership conducts business. In response to these changes, ADP is providing consulting services to its dealer clients to help them reengineer their management processes. ADP also offers solutions to help improve employee productivity and training, and provides the tools and services necessary to improve dealership productivity and profitability. ADP continues to automate the business processes for its clients through value-added products such as electronic parts catalogues, repair shop pricing and scheduling, laser printing, data archiving and document storage, and lease fleet management. Through its ADP Sandy Group unit, ADP Dealer Services assists automobile dealers and manufacturers in generating brand loyalty and customer satisfaction with customized communications programs.

The Millennia3 platform is a key component of ADP's current dealer management system and its go-forward strategy to deliver Web-based client/server solutions for both automobile dealers and manufacturers. ADP's acquisition this year of Dealer Solutions, Inc., a developer of Windows NT(R) dealer management systems software, is another significant step in ADP's Web-based client/server strategy.

CLAIMS SERVICES

ADP Claims Services offers a broad line of claims information products to property and casualty insurance companies, claims adjusters, repair shops and auto parts recycling facilities. These products help insurers to accurately estimate auto damage, property damage and bodily injury claims and help repair shops and recyclers locate parts and manage their operations. The products and services include automated collision damage repair estimating products for cars and trucks, integrated electronic digital imaging and communications services, vehicle valuation services for total losses, collision repair management systems products, aftermarket and recycled parts locating and pricing services and related management information products. This year, ADP Claims Services processed approximately 15 million claim estimates. ADP Claims Services has five product groups.

Insurance Claims Services offers a broad range of cost containment products and services to the automobile physical damage and property claims markets in North America and Europe. Through its Claimsflo(R) brand, it assists a growing number of clients to streamline their workflow, reduce internal redundancies, prevent fraud and accelerate the process of claim settlement. Integrated Medical Solutions offers products and services that allow insurers to efficiently review medical expenses related to auto accidents and workers' compensation claims. These products and services are designed to assist clients in identifying and paying for only medically appropriate treatments. Collision Repair Services provides products for collision repair facilities. ADP Hollander provides inventory management and communications products and services to the automotive recycling industry. The products are designed to assist clients in creating and capturing operational efficiencies and expanding their market and sales through electronic parts locating with other auto recyclers and their business partners. Audatex provides insurance claims estimating outside of North America.

This year, ADP Claims Services introduced to the Canadian market Electronic Medical Data Interchange (EMDI). EMDI creates an electronic link between service providers and insurer to facilitate pre-authorization of treatment. Payment for authorized services is then made via electronic funds transfer.

NATURE OF SERVICES PROVIDED

In each of Employer Services, Dealer Services, Claims Services and most of Brokerage Services, ADP's services primarily involve the processing and utilization of client and/or third party data. Services to all industries are generally available by the electronic transmission (through communications lines) of computer-generated data and information from and to clients. Services are offered through a variety of systems and networks that run on industry-standard operating systems. Virtually none of ADP's services require ADP-proprietary hardware and/or operating systems.

All of ADP's services utilize somewhat similar facilities, computers, communications networks, sales forces and client service support personnel. ADP's businesses share numerous facilities, selected computer rooms and communications networks, and ADP occasionally transfers some of its employees among business units. The input and output of all of ADP's businesses is data and information. On occasion ADP has transferred services and products between business units.

While the labor intensiveness of a service may vary somewhat based on the degree of automation and complexity in providing the service, all services use the same basic functions as described above. None of ADP's service offerings are particularly capital intensive.

MARKETS AND MARKETING METHODS

All of ADP's services are sold broadly across the United States and Canada. Most ADP services are offered in Western Europe and some employer services are now offered in Brazil. Services offered outside the United States amounted to approximately 18% of fiscal 1999 revenue. All services use common marketing techniques, including direct sales methodologies with emphasis on referral sources.

None of ADP's major business groups have a single homogenous client base or market. For example, while Brokerage Services primarily serves the retail brokerage market, it also serves banks, commodity dealers, the institutional brokerage market 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 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. While concentrations of clients exist, no one business group is material to ADP's overall revenue. Employer Services also sells to auto dealers, brokerage clients and insurance clients.

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.

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 independent computing services companies 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 computing services to over 450,000 clients. Annual revenues attributable to large client accounts range from $1 million to approximately $43 million per client, while thousands of small client accounts produce annual revenues of less than $1,000 each. ADP's largest single client accounts for approximately 1% of its annual revenue.

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 and because no sale is considered firm until it is installed and begins producing revenue.

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

Discounts, rebates and promotions offered by ADP to clients are not material.

ADP's services are provided under written Price Quotations or Services Agreements having varying terms and conditions. No one Price Quotation or Service Agreement is material to ADP.

SYSTEMS DEVELOPMENT AND PROGRAMMING

During the fiscal years ended June 30, 1999, 1998 and 1997, ADP spent $412,380,000, $376,485,000 and $297,794,000, respectively, on systems development and programming activities for the development of new, and the improvement and maintenance of existing, computing services.

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 revenue or negatively impacts its existing products and services, and each existing product and service has 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. Licenses, patents, trademarks and franchises are not material to ADP's business as a whole.

COMPENSATION OF MARKETING AND SALES PERSONNEL

The compensation arrangements of ADP's marketing and sales personnel vary significantly based on the tenure of the particular salesperson, with the commission-based portion of total compensation averaging approximately 40%. ADP sets minimum sales quotas on an individual basis.

COMPUTER SYSTEMS

ADP does not manufacture computer systems or act as a distributor of computer systems. ADP may, however, be deemed to be a value-added reseller of computer systems insofar as its services often include computer equipment as part of the total service solution.

ADP's services are offered on a variety of computer platforms that run various operating systems. These computer platforms include those offered by IBM, IBM-compatibles, Compaq Computer Corp. (Digital Equipment Corp.), Apple, Motorola, Hewlett Packard and Boeing Co. (McDonnell Douglas). The industry-standard operating systems supporting such computer platforms include DOS, Windows, NT, OS2/Warp, VSE, OS/390, VMS, System 7 OS, Unix, Reality and Pick.

ADP's service warranty to its clients is that if any errors or omissions occur in its service offerings, ADP will correct them as soon as possible. In addition, ADP provides, either directly or through third parties, maintenance and support for the ADP-provided equipment and software which facilitates the delivery of its services to clients.

NUMBER OF EMPLOYEES

ADP employed approximately 37,000 persons as of June 30, 1999.

EXECUTIVE OFFICERS OF THE REGISTRANT

See Item 10 in Part III hereof.

ITEM 2. PROPERTIES

ADP leases space for more than 55 of its processing centers. In addition, ADP leases numerous small processing centers and sales offices. All of these leases, which aggregate approximately 5,600,000 square feet in the United States, Canada, Europe, South America, Asia, Australia and South Africa, expire at various times up to the year 2016. ADP owns 34 of its processing facilities and its corporate headquarters complex in Roseland, New Jersey, which aggregate approximately 2,800,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

None

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" on page 17 of the Registrant's 1999 Annual Report to Shareholders, which information is incorporated herein by reference. As of September 10, 1999, the Registrant had 32,681 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 November 10, 1998, the Registrant issued 5,520 shares of its Common Stock and on April 9, 1999, the Registrant issued an additional 16,377 shares of its Common Stock to the shareholder of a company acquired by the Registrant in exchange for all of the issued and outstanding shares of the capital stock of such company pursuant to the terms of a stock purchase agreement. On April 22, 1999, the Registrant issued 328 shares of its Common Stock to the shareholders of a company acquired by the Registrant in exchange for all of the issued and outstanding shares of the capital stock of such company pursuant to the terms of a stock purchase agreement. On May 21, 1999, the Registrant issued an aggregate amount of 1,395,651 shares of its Common Stock to the shareholders of a company acquired by the Registrant in exchange for all of the issued and outstanding shares of the capital stock of such company in a pooling-of-interests transaction pursuant to the terms of a merger agreement. On May 28, 1999, the Registrant issued 2,914,135 shares of its Common Stock to the shareholders of a company acquired by the Registrant in exchange for all of the issued and outstanding shares of the capital stock of such company in a pooling-of-interests transaction pursuant to the terms of a merger agreement. 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" on page 15 of the Registrant's 1999 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" on pages 16-17 of the Registrant's 1999 Annual Report to Shareholders, the Letter to Shareholders on pages 3-4 of such report and the business descriptions on pages 6-13 of such report, which information is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Registrant's investment portfolio consists primarily of high grade fixed income investments, such as AA or better rated fixed income municipal instruments, maturing in less than 7 years, and such portfolio does not subject the Registrant to material market risk exposures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements described in Item 14(a) hereof are incorporated herein.

The following supplementary data is incorporated herein by reference:

	Page in 1999 Annual REPORT TO SHAREHOLDERS
Quarterly Financial Results (unaudited) for the two years ended June 30, 1999	27

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

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
James B. Benson	54	Vice President, General Counsel and Secretary	1977
Richard C. Berke	54	Vice President, Human Resources	1989
Gary C. Butler	52	President and Chief Operating Officer	1975
Richard J. Daly	46	Group President, Brokerage Services	1989
G. Harry Durity	52	Vice President, Worldwide Business Development	1994
Russell P. Fradin	44	Group President, Employer Services	1996
Eugene A. Hall	43	Senior Vice President	1998
Richard J. Haviland	53	Chief Financial Officer and Vice President	1982
John Hogan	51	Group President, Brokerage Services	1993
S. Michael Martone	51	Group President, Dealer Services	1987
Arthur F. Weinbach	56	Chairman and Chief Executive Officer	1980

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

Russell P. Fradin joined ADP in 1996. Prior to his promotion to Group President, Employer Services, he served as Senior Vice President. Prior to joining ADP, he was a senior partner of McKinsey & Company and had been associated with that firm for 18 years.

Eugene A. Hall joined ADP in 1998 as Senior Vice President. Prior to joining ADP, he was a senior partner of McKinsey & Company and had been associated with that firm for 16 years.

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 1999 Annual Meeting of Stockholders, which information is incorporated herein by reference.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During the fiscal year ended June 30, 1999, no directors or officers submitted late filings under Section 16(a) of the Exchange Act.

ITEM 11. EXECUTIVE COMPENSATION

See "Compensation of Executive Officers" in the Proxy Statement for Registrant's 1999 Annual Meeting of Stockholders, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See "Election of Directors--Security Ownership of Certain Beneficial Owners and Managers" in the Proxy Statement for Registrant's 1999 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 1999 Annual Meeting of Stockholders, which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)1. FINANCIAL STATEMENTS

The following consolidated financial statements of Automatic Data Processing, Inc. and its subsidiaries are included in Part II, Item 8:

	Page in 1999 Annual REPORT TO SHAREHOLDERS
Independent Auditors' Report	29
Consolidated Balance Sheets - June 30, 1999 and 1998	19
Statements of Consolidated Earnings - years ended June 30, 1999, 1998 and 1997	18
Statements of Consolidated Shareholders' Equity - years ended June 30, 1999, 1998 and 1997	20
Statements of Consolidated Cash Flows - years ended June 30, 1999, 1998 and 1997	21
Notes to Consolidated Statements	22 - 27

Financial information of the Registrant is omitted because the Registrant is primarily an operating 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	14
Schedule II - Valuation and Qualifying Accounts	15

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. 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 Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1998

3.2	-	By-Laws as currently in effect - incorporated by reference to Exhibit (3)-#2 to Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997
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 1, 1996 between Automatic Data Processing, Inc. and Arthur F. Weinbach - incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (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	-	1981 Key Employees' Stock Option Plan - incorporated by reference to Registrant's Registration Statement No. 2-75287 on Form S-8 (Management Compensatory Plan)
10.3(a)	-	Amendment to 1981 Key Employees' Stock Option Plan - incorporated by reference to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1989 (Management Compensatory Plan)
10.4	-	Key Employees' Restricted Stock Plan - incorporated by reference to Registrant's Registration Statement No. 33-25290 on Form S-8 (Management Compensatory Plan)
10.5	-	Supplemental Officers' Retirement Plan, as amended and restated - incorporated by reference to Exhibit 10(iii)(A)-#5 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1993 (Management Compensatory Plan)
10.5(a)	-	Amendment to Supplemental Officers' Retirement Plan (Management Compensatory Plan) - incorporated by reference to Exhibit 10(iii)(A)- #5 to Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997
10.6	-	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)
10.6(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)
10.7	-	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)
10.7(a)	-	Amendment to 1990 Key Employees' Stock Option Plan (Management Compensatory 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
10.8	-	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)
10.9	-	1994 Executive Compensation Plan - incorporated by reference to Exhibit A to Registrant's Proxy Statement for its Annual Meeting of Stockholders held November 15, 1994 (Management Compensatory Plan)
10.10	-	2000 Key Employees' Stock Option Plan (Management Compensatory Plan)
11	-	Schedule of Calculation of Earnings Per Share
13	-	Pages 3-29 of the 1999 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
27	-	Financial Data Schedule

(b) None.

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 as of June 30, 1999 and 1998, and for each of the three years in the period ended June 30, 1999, and have issued our report thereon dated August 10, 1999; such consolidated financial statements and report are included in your 1999 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 14. 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
August 10, 1999

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, 1999:					
Allowance for doubtful accounts:					
Current	$45,595	$ 17,551	$ 1,788 (B)	$(18,577) (A)	$ 46,357
Long-term	$14,431	$ 2,470	$ --	$ (345) (A)	$ 16,556
Year ended June 30, 1998:					
Allowance for doubtful accounts:					
Current	$40,374	$ 17,677	$ 907 (B)	$(13,363)	$ 45,595
Long-term	$20,370	$ 1,345	$ --	$ (7,284) (A)	$ 14,431
Year ended June 30, 1997:					
Allowance for doubtful accounts:					
Current	$35,224	$ 13,787	$ 4,067 (B)	$(12,704)	$ 40,374
Long-term	$25,727	$ 1,817	$ --	$ (7,174) (A)	$ 20,370

(A) Doubtful accounts written off, less recoveries on accounts previously written off. (B) Acquired in purchase/pooling transactions.

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 21, 1999 *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 21, 1999
/s/ RICHARD J. HAVILAND (Richard J. Haviland)	Chief Financial Officer (Principal Financial Officer)	September 21, 1999
/s/ GARY C. BUTLER (Gary C. Butler)	Director	September 21, 1999
/s/ JOSEPH A. CALIFANO, JR. (Joseph A. Califano, Jr.)	Director	September 21, 1999
/s/ LEON G. COOPERMAN (Leon G. Cooperman)	Director	September 21, 1999

/s/ GEORGE H. HEILMEIER ----------------------------- (George H. Heilmeier)	Director	September 21, 1999
----------------------------- (Ann Dibble Jordan)	Director	September 21, 1999
/s/ HARVEY M. KRUEGER ----------------------------- (Harvey M. Krueger)	Director	September 21, 1999
----------------------------- (Frederic V. Malek)	Director	September 21, 1999
/s/ HENRY TAUB ----------------------------- (Henry Taub)	Director	September 21, 1999
/s/ LAURENCE A. TISCH ----------------------------- (Laurence A. Tisch)	Director	September 21, 1999
/s/ JOSH S. WESTON ----------------------------- (Josh S. Weston)	Director	September 21, 1999

AUTOMATIC DATA PROCESSING, INC.

2000 KEY EMPLOYEES' STOCK OPTION PLAN

Automatic Data Processing, Inc., a Delaware corporation (the "Company"), hereby formulates and adopts the following 2000 Key Employees' Stock Option Plan (the "Plan") for employees of the Company and its Subsidiaries (as defined in Paragraph 5):

1. PURPOSE. The purpose of the Plan is to secure for the Company the benefits of the additional incentive inherent in the ownership of common stock, par value $.10, of the Company ("Common Stock") by selected employees of the Company and its Subsidiaries who, in the judgment of the Committee (as defined in Paragraph 2), are important to the success and the growth of the business of the Company and its Subsidiaries and to help the Company and its Subsidiaries secure and retain the services of such employees.

2. ADMINISTRATION. Except to the extent required in order to qualify for exemptive relief under Rule 16b-3 or its successor provision under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), in which case the Board of Directors of the Company (the "Board of Directors"), or a committee appointed by the Board of Directors which satisfies the requirements of such provisions shall administer the Plan (and all applicable provisions of the Plan, including any reference herein to the "Committee", shall be construed accordingly), the Plan shall be administered by a Stock Option Committee (the "Committee") to be appointed by the Board of Directors, which Committee may include employees who are and who are not members of the Board of Directors. The Committee shall select one of its members as Chairman and shall make such rules and regulations as it shall deem appropriate concerning the holding of its meetings and transaction of its business. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board of Directors, and any vacancy on the Committee may at any time be filled by resolution adopted by the Board of Directors.

Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary and advisable for the administration of the Plan. The determinations of the Committee shall be conclusive.

3. STOCK SUBJECT TO OPTIONS. Subject to the adjustment provisions of Paragraph 13 below, a maximum of 14,750,000 shares of Common Stock may be made subject to Options (as defined below) granted under the Plan. In addition, subject to the adjustment provisions of Paragraph 13 below, no person may be granted Options under the Plan during any of the Company's fiscal years with respect to more than 500,000 shares of Common Stock.

If, and to the extent that, Options granted under the Plan shall terminate, expire or be canceled for any reason without having been exercised, new Options may be granted in respect of the shares covered by such terminated, expired or canceled Options. The granting and terms of such new Options shall comply in all respects with the provisions of the Plan.

Shares sold upon the exercise of any Option granted under the Plan may be shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury, or both.

There shall be reserved at all times for sale under the Plan a number of shares of Common Stock, of either authorized and unissued shares of Common Stock, shares of Common Stock held in the Company's treasury, or both, equal to the maximum number of shares that may be purchased pursuant to Options granted or that may be granted under the Plan.

4. GRANT OF OPTIONS. The Committee shall have the authority and responsibility, within the limitations of the Plan, to determine the employees to whom Options are to be granted, whether the Options granted shall be "incentive stock options" ("Incentive Options"), within the meaning of Section 422(b) of the Code, or Options which are not Incentive Options ("Nonqualified Options" and together with Incentive Options, "Options," individually, an "Option"), the number of shares that may be purchased under each Option and the Option price.

In determining the officers or key employees to whom Options shall be granted and the number of shares to be covered by each such Option, the Committee shall take into consideration the employee's present and potential contribution to the success of the Company and its Subsidiaries (as defined below) and such other factors as the Committee may deem proper and relevant.

5. EMPLOYEES ELIGIBLE. Incentive Options may be granted to any key employee of the Company or any of its Subsidiaries. Nonqualified Options may be granted to any key employee of the Company or any of its Subsidiaries or Affiliates. Options may be granted to employees who hold or have held Options under this Plan or any similar or other awards under any other plan of the Company or any of its Subsidiaries or Affiliates. Employees who are also officers or directors of the Company or any of its Subsidiaries or Affiliates shall not by reason of such offices be ineligible as recipients of Options.

For purposes of the Plan, a "Subsidiary" of the Company shall mean any "subsidiary corporation" as such term is defined in Section 424(f) of the Code. An entity shall be deemed a Subsidiary of the Company only for such periods as the requisite ownership relationship is maintained.

For purposes of the Plan, an "Affiliate" of the Company shall mean any corporation, partnership, or other entity controlled by the Company.

Any Person who would own, directly or indirectly, immediately after the granting of an Option to such Person, more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries shall only be eligible to receive an Incentive Option under the Plan if it satisfies the requirements of Section 422(c)(5) of the Code.

An employee receiving an Option pursuant to the Plan is hereinafter referred to as an "Optionee".

6. PRICE. The exercise price of each share of Common Stock purchasable under any Option granted pursuant to the Plan shall not be less than the Fair Market Value (as defined below) thereof at the time the Option is granted.

For purposes of the Plan, "Fair Market Value" of a share of Common Stock means the average of the high and low sales prices of a share of Common Stock on the New York Stock Exchange Composite Tape on the date in question. If shares of Common Stock are not traded on the New York Stock Exchange on such date, "Fair Market Value" of a share of Common Stock shall be determined by the Committee in its sole discretion.

7. DURATION OF OPTIONS. Options granted hereunder shall become exercisable, in whole or in part, all as the Committee in its discretion may provide upon the granting thereof.

Notwithstanding any provision of the Plan to the contrary, except as otherwise provided in the applicable award agreement, the unexercised portion of any Option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) The expiration of 10 years (or, in the case of an Incentive Option, five years, in the case of an Optionee described in Section 422(c)(5) of the Code) from the date on which such Option was granted;

(b) The expiration of 15 days (or such longer period as the Committee may provide in the event of the Optionee's Permanent and Total Disability (as defined in Section 22(a)(3) of the Code) from the date of termination of the Optionee's employment with the Company or any of its Subsidiaries; provided, however, that if the Optionee shall die during such 15-day period (or such longer period as the Committee may provide in the event of the Optionee's Permanent and Total Disability) the provisions of subparagraph (c) below shall apply;

(c) The expiration of six months after the appointment and qualification of the executor or administrator of the Optionee's estate or 12 months after the date of the Optionee's death, whichever occurs earlier, if such death occurs either during employment by the Company or any of its Subsidiaries or during the 15-day period (or such longer period as the Committee may provide in the event of the Optionee's Permanent and Total Disability) following the date of termination of such employment; and

(d) In whole or in part, at such earlier time or upon occurrence of such earlier event as the Committee in its discretion may provide upon the granting of such Option.

The Committee may determine whether any given leave of absence constitutes a termination of employment. The Options granted under the Plan shall not be affected by any change of employment so long as the Optionee continues to be an employee of the Company or any of its Subsidiaries.

8. EXERCISE OF OPTIONS. Options shall be exercisable by the Optionee (or the Optionee's executor or administrator), as to all or part of the shares covered thereby, by the giving of written

notice of the exercise thereof to the Company at its principal business office, directed to the attention of its Secretary. The Company shall cause certificates for the shares so purchased to be delivered to the Optionee (or the Optionee's executor or administrator) at the Company's principal business office, against payment in full of the purchase price, which payment may be made by cash, check or money order and, subject to the Committee's consent, by shares of the Company's Common Stock which are not subject to any pledge or security interest and have been held for at least 6 months or previously acquired on the open market or by delivery to the Committee of a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company any amount of loan proceeds or proceeds of the sale of the shares subject to the Option sufficient to pay the exercise price on the date specified in the notice of exercise.

9. NONTRANSFERABILITY OF OPTIONS. No Option or any right evidenced thereby shall be transferable in any manner other than by will or the laws of descent and distribution, and, during the lifetime of an Optionee, only the Optionee (or the Optionee's court-appointed legal representative) may exercise an Option.

10. RIGHTS OF OPTIONEE. Neither the Optionee nor the Optionee's executor or administrator shall have any of the rights of a stockholder of the Company with respect to the shares subject to an Option until certificates for such shares shall actually have been issued upon the due exercise of such Option. No adjustment shall be made for any cash dividend or other right for which the record date is prior to the date of such due exercise and full payment for such shares has been made therefor.

11. RIGHT TO TERMINATE EMPLOYMENT. Nothing in the Plan or in any Option shall confer upon any Optionee the right to continue in the employment of the Company or any of its Subsidiaries or affect the right of the Company or any of its Subsidiaries to terminate the Optionee's employment at any time, subject, however, to the provisions of any agreement of employment between the Company or any of its Subsidiaries and the Optionee.

12. NONALIENATION OF BENEFITS. No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same shall be void. To the extent permitted by applicable law, no right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefits.

13. ADJUSTMENT UPON CHANGES IN CAPITALIZATION, ETC. In the event of any stock split, stock dividend, stock change, reclassification, recapitalization or combination of shares which changes the character or amount of Common Stock prior to exercise of any portion of an Option theretofore granted under the Plan, such Option, to the extent that it shall not have been exercised, shall entitle the Optionee (or the Optionee's executor or administrator) upon its exercise to receive in substitution such number and kind of shares as the Optionee would be entitled to receive if the Optionee had actually owned the stock subject to such Option at the time of the occurrence of such change and the Options shall be subject to such adjustments, as determined by the Committee, as to the number, price or kind of stock as determined to be equitable; provided, however, that if the change is of such a nature that the Optionee, upon exercise of the Option, would receive property other than shares of stock, then the Committee shall make an appropriate adjustment in the Option to provide that the Optionee (or the Optionee's executor or administrator) shall acquire upon exercise only shares of stock of such number and kind as the Committee, in its sole judgment, shall deem equitable; and, provided further, that any

such adjustment shall be made so as to conform to the requirements of Section 424(a) or 162(m) of the Code and the regulations promulgated thereunder. The Committee shall also make appropriate adjustment in the number of shares subject to Options under the Plan and the maximum number of shares to be granted to any person in any fiscal year as determined to be equitable.

In the event that any transaction (other than a change specified in the preceding paragraph) described in Section 424(a) of the Code affects the Common Stock subject to any unexercised Option, the Board of the surviving or acquiring corporation shall make such similar adjustment as is permissible and appropriate.

If any such change or transaction shall occur, the number and kind of shares for which Options may thereafter be granted under the Plan shall be adjusted to give effect thereto.

14. PURCHASE FOR INVESTMENT. Whether or not the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended, each person exercising an Option under the Plan may be required by the Company to give a representation in writing that such person is acquiring such shares for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

The Company will endorse any necessary legend referring to the foregoing restriction upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of any Option granted under the Plan.

15. FORM OF AGREEMENTS WITH OPTIONEES. Each Option granted pursuant to the Plan shall be in writing and shall have such form, terms and provisions, not inconsistent with the provisions of the Plan, as the Committee shall provide for such Option. Each Optionee shall be notified promptly of such grant, and a written agreement shall be promptly executed and delivered by the Company and the Optionee.

16. TERMINATION AND AMENDMENT OF PLAN AND OPTIONS. Unless the Plan shall theretofore have been terminated as hereinafter provided, Options may be granted under the Plan at any time, and from time to time, prior to the tenth anniversary of the Effective Date (as defined below), on which date the Plan will expire, except as to Options then outstanding under the Plan. Such Options shall remain in effect until they have been exercised, have expired or have been canceled.

The Plan may be terminated or modified at any time by the Board of Directors; provided, however, that any such modification shall comply with all applicable laws, applicable stock exchange listing requirements, and applicable requirements for exemption (to the extent necessary) under Rule 16b-3 under the Exchange Act.

No termination, modification or amendment of the Plan, without the consent of the Optionee, may adversely affect the rights of such person with respect to such Option. With the consent of the Optionee and subject to the terms and conditions of the Plan, the Committee may amend outstanding award agreements with any Optionee.

17. EFFECTIVE DATE OF PLAN. The Plan shall become effective upon its adoption by the Board of Directors (the "Effective Date"), subject, however, to its approval by the Company's stockholders within 12 months after the date of such adoption.

18. GOVERNMENT AND OTHER REGULATIONS. The obligation of the Company with respect to Options granted under the Plan shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agency as may be required, including, without limitation, the effectiveness of any registration statement required under the Securities Act of 1933, as amended, and the rules and regulations of any securities exchange on which the Common Stock may be listed.

19. WITHHOLDING. The Company's obligation to deliver shares of Common Stock in respect of any Option granted under the Plan shall be subject to all applicable federal, state, local and foreign tax withholding requirements. Federal, state, local and foreign withholding taxes due upon the exercise of any Option (or upon any disqualifying disposition of shares of Common Stock subject to an Incentive Option), in the Committee's sole discretion, may be paid in shares of Common Stock (including the withholding of shares subject to an Option) upon such terms and conditions as the Committee may determine.

20. SEPARABILITY. If any of the terms or provisions of the Plan conflict with the requirements of Rule 16b-3 under the Exchange Act and/or

Section 422 of the Code, then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3 under the Exchange Act and/or section 422 of the Code. With respect to Incentive Options, if the Plan does not contain any provision required to be included herein under Section 422 of the Code, such provision shall be deemed to be incorporated herein with the same force and effect as if such provision had been set out at length herein; provided, further, that to the extent any Option which is intended to qualify as an Incentive Option cannot so qualify, such Option, to the extent, shall be deemed to be a Nonqualified Option for all purposes of the Plan.

21. NON-EXCLUSIVITY OF THE PLAN. Neither the adoption of the Plan by the Board of Directors nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitation on the power of the Board of Directors to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

22. EXCLUSION FROM PENSION AND PROFIT-SHARING COMPUTATION. By acceptance of an Option, each Optionee shall be deemed to have agreed that such grant is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan of the Company or any of its Subsidiaries. In addition, each beneficiary of a deceased Optionee shall be deemed to have agreed that such Option will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Optionee which is payable to such beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

23. DEFERRAL. The Committee may, in its sole discretion, establish procedures whereby one or more Optionees may elect to defer the receipt of shares upon the exercise of Options for a specified period of time or until the occurrence of a specified event.

24. GOVERNING LAW. The Plan shall be governed by, and construed in accordance with, the laws of the State of New Jersey.

EXHIBIT 11

AUTOMATIC DATA PROCESSING, INC
AND SUBSIDIARIES

CALCULATION OF EARNINGS PER SHARE
(In thousands, except per share amounts)

	YEAR ENDED JUNE 30,				
	1999	1998	1997	1996	1995
BASIC EARNINGS PER SHARE:					
Net earnings applicable to common shares	$696,840	$608,262	$515,244	$454,747	$396,448
Average number of common shares outstanding	615,630	600,803	588,112	582,861	575,151
Basic earnings per share	$ 1.13	$ 1.01	$ 0.88	$ 0.78	$ 0.69
DILUTED EARNINGS PER SHARE:					
Net earnings used in basic earnings per share	$696,840	$608,262	$515,244	$454,747	$396,448
Adjustment for interest (net of tax) - Zero coupon convertible subordinated notes (5 1/4% yield)	3,607	7,833	11,302	11,703	11,330
Net earnings used for diluted earnings per share	$700,447	$616,095	$526,546	$466,450	$407,778
Average number of shares outstanding on a diluted basis:					
Shares used in calculating basic earnings per share	615,630	600,803	588,112	582,861	575,151
Diluted effect of all stock options outstanding after application of treasury stock method	15,306	13,363	12,633	12,317	953
Shares assumed to be issued upon conversion of Debentures- Zero coupon convertible subordinated notes (5 1/4% yield)	5,956	14,030	19,372	20,720	32,476
Average number of shares outstanding on a diluted basis	636,892	628,196	620,117	615,898	608,580
Diluted earnings per share	$ 1.10	$ 0.98	$ 0.85	$ 0.76	$ 0.67

Letter to Shareholders

50th Anniversary

1999 is the 50th Anniversary of a 21-year-old New Jersey accountant, Henry Taub, starting a business by manually preparing payrolls for companies. That was the start of ADP...and what a fabulous 50 years it has been for the Company. We've grown to over $5 billion in revenues and we did it with style. ADP has a unique record of continuous, consistent growth -- 152 consecutive quarters of record revenues and earnings per share growth, and 38 consecutive years of double-digit increases in EPS. The records are probably even longer, but the historical records prior to ADP going public in 1961 (when annual revenues were $400,000) aren't well preserved. During these 50 years, there have been only three predecessors as CEO and each of them had a remarkable track record. Our thanks to Henry Taub, Frank Lautenberg and Josh Weston for their vision and leadership in helping create the terrific company ADP has become today.

Fiscal '99

Fiscal `99 was an excellent year for ADP. We had strong internal revenue growth especially in Employer Services and Brokerage Services, our two largest businesses, which combined, account for over 75% of ADP's revenues. This growth was fueled by an exceptional 20% sales growth in Employer Services and over 30% growth in brokerage trades processed for our Brokerage Services clients.

We overcame federal funds interest rate decreases aggregating 75 basis points. Since the average daily balances we invest are about $6 billion, we are not immune to interest rate fluctuations. Nevertheless, the positive momentum of our core businesses and excellent expense control enabled us to achieve our forecasted growth.

For `99, consolidated revenues grew 12% to $5.5 billion. Prior to the impact of several non-recurring items related to acquisitions and dispositions, pretax earnings increased 20%, net earnings were up 17% and EPS increased 15% to $1.13 from $.98 last year.

In recognition of these strong operating results, our Board declared a two-for-one stock split and our 25th consecutive annual dividend increase, to $.305 per share, per year, effective January 1, 1999.

ADP has significant financial strength and liquidity. Cash flow from operations exceeded $853 million, and year-end cash and marketable securities approximated $2.2 billion, after spending of $193 million in `99 to acquire businesses and ADP shares. We purchased 2.6 million ADP shares on the open market to fund employee equity plans.

Shareholders' equity exceeds $4 billion and our long-term debt to equity ratio is 4%. Our return on shareholders' equity is a healthy 19%.

Capital expenditures for the year were $178 million, about 3% of revenues. This compared to $202 million last year.

The Future

While we occasionally look back with pride at ADP's accomplishments, we spend virtually all of our time looking to the future, where all the uncertainty, ambiguity, fun and successes reside.

Despite the accelerating pace of change -- which has been discussed so often it has become a cliche -- and the resultant uncertainties, we know strategically where we are heading, we have the adaptability to adjust, if necessary, and we are excellent at day-to-day tactical execution.

Strategy

Where we are heading is very exciting. We have excellent growth in our core markets. This growth is fueled by additional market penetration -- getting and keeping more clients -- and by adding value-added services to our offerings, which increases our revenues per client, enhances new sales opportunities and improves client retention.

Our current internal revenue growth is 13 to 14%. Historically we have supplemented our internal growth with strategic acquisitions that have added, on average, 2 to 4%. The opportunities for ADP to acquire related products that we can market to our over 450,000 clients remain excellent.

We are also focused on entering new business opportunities that extend our core markets while taking advantage of synergies with our existing business. We are especially excited about our recent entry into the professional employer organization (PEO) marketplace, benefits administration outsourcing, workers' compensation claims management, and the global brokerage market through our integration of U.S. and international equity and fixed income systems.

Opportunities

The Internet, delivering World Class Service, and continuing to acquire and retain associates with the right skills are challenges and opportunities for us in the years ahead.

(1) The Internet will play an increasing role in ADP's success. Today it is an integral part of our strategy in every business. In the brokerage industry, where the fastest growth is coming from on-line trading, we are the leading service provider to the industry. In Employer Services, we recently introduced an Internet payroll and human resource product for small employers and the early response has been very positive. In Dealer Services, our joint venture with Cox Communications has created the largest used car database Web site (AutoConnect(Sm)) on the Internet.

We are players in the Internet world and we will play on an even wider scale in the future.

(2) The primary differentiator for service organizations in the future will increasingly be the quality of the service being offered. We have focused and invested heavily over the last 2+ years to move to our World Class Service goal. We have invested in tools, processes, training and staffing levels, and we are seeing results across all of our businesses. Nevertheless, our overall client retention rates have not yet sufficiently reflected the quality increase. They will. We will continue to intensify the focus and investment in World Class Service, as we strongly believe it is a fundamental foundation for ADP's long-term success.

(3) We realized a year ago that one of the most rapid changes starting to take place now -- and one we expect to continue through the next decade -- is the shortage of qualified candidates entering the workforce who meet ADP's needs. We have introduced an Employer of Choice initiative to improve ADP's ability to attract and retain associates who will provide the expertise and commitment to quality service that will make us succeed.

Are these enough for ADP to succeed?

If our culture remains sufficiently adaptive to change; if we take advantage of our expert knowledge of the markets in which we compete; if we utilize our #1 market positions to out invest our competition in new and add-on products; if we utilize our strong financial position intelligently; and if we create the environment our 37,000 associates are proud to be part of...the answer is absolutely yes. The ingredients for success are clearly here. Our challenge--one we are confident we are up to--is to deliver.

Y2K

ADP has had a corporate Y2K office in place for multiple years. It has conducted ongoing reviews and audits on every existing ADP business and each new acquisition for Y2K compliance.

Collectively, ADP has over 120 million lines of computer code that have been reviewed, remediated and tested for Y2K compliance. Additionally, we have been in live production on our primary payroll engine (AutoPay(R)) since April 1998 and we have conducted extensive testing with both the banking community and tax authorities. We also served as a lead participant and the primary provider, along with the Securities Industry Association, of the database test bed for brokerage industry-wide testing supervised by the Depository Trust Company (DTC).

We have no known Y2K compliance issues at this time except final clean up and testing with a few recent acquisitions. Nonetheless, we will continue to inspect what we expect with internal audits and ongoing partner testing over the remaining months in 1999.

Acquisitions and Dispositions

ADP supplements its internal growth with strategic acquisitions that extend our markets or add applications to our product sets. In `99 we acquired 12 businesses with approximately $245 million in revenues.

Our largest acquisition was The Vincam Group, a leading PEO, with revenues of approximately $125 million. Vincam provides a suite of human resource functions to small-and medium-sized employers on an outsourced basis. Employer Services also acquired the benefits administration business of J&H/KVI, expanding our presence in that market.

With the acquisition of OMR Systems, Brokerage Services increased its global processing capabilities for a wide range of non-securitized financial instruments. An important acquisition for Dealer Services was Dealer Solutions, a developer of client/server dealer management systems.

We also review each business and product line and dispose of those that are no longer strategically relevant. In `98, we sold businesses with $95 million of annual revenues, and in `99 we stepped up the level of dispositions of businesses with $270 million of annual revenues. These two years represent a catch-up. We expect the level of dispositions to be lower in the future.

Importance of People

ADP's greatest strength is our team of 37,000 associates whose commitment to achieving World Class Service makes our service superior. Fortunately, we attract and retain extremely motivated, talented associates who really care about our clients and our company. They share our vision and help us win in the marketplace. Our Corporate Philosophy statement says it best: "Outstanding associates are the key to our success."

In `99, Richard Douville joined ADP as Vice President Finance and Steve Anenen, Russ DeLoach and Karen Dykstra were promoted to Corporate Vice President in recognition of their significant contributions to ADP's success and their responsibilities.

Forecast

For the reasons we have expressed, we remain very confident in ADP's long-term prospects. In fiscal `00, we expect another year of double-digit EPS growth, while we manage through the Y2K changes and make significant investments in the future. Revenues will grow about 10% despite the impact of '99 dispositions of businesses.

We hope you share our excitement and enthusiasm.

/s/ Arthur F. Weinbach	*/s/ Gary C. Butler*
Arthur F. Weinbach *Chairman & CEO* *August 10, 1999*	*Gary C. Butler* *President & COO*

Financial Highlights

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts and number of employees) Years ended June 30,	1999	1998	% Increase
Total revenues	$5,540,141	$4,925,956	12%
Net earnings*	$ 714,172	$ 608,262	17%
Basic earnings per share*	$ 1.16	$ 1.01	15%
Diluted earnings per share*	$ 1.13	$ .98	15%
Cash dividends	$ 181,133	$ 152,888	18%
Cash dividends per share	$ .295	$ .25625	15%
Basic shares outstanding	615,630	600,803	
Diluted shares outstanding	636,892	628,196	
Return on equity	18.7%	20.0%	
At year end:			
Cash, cash equivalents and marketable securities	$2,169,040	$1,673,271	
Working capital	$ 907,864	$ 626,063	
Total assets	$5,824,820	$5,242,867	
Long-term debt	$ 145,765	$ 192,063	
Shareholders' equity	$4,007,941	$3,439,447	
Number of employees	37,000	34,000	

All share and per share data have been adjusted to reflect a two-for-one stock split on January 1, 1999. The financial highlights shown above have also been restated to reflect a March 1999 pooling of interests transaction. See Note 2 to the consolidated financial statements.

* Excludes non-recurring charges totaling approximately $17 million (after-tax) associated with certain acquisitions and dispositions. Including these non-recurring charges, net earnings were $697 million and diluted earnings per share were $1.10. See Note 3 to the consolidated financial statements.

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[THE FOLLOWING TABLE WAS DEPICTED AS A BAR GRAPH IN THE PRINTED MATERIAL.]

	1995	1996	1997	1998	1999
Total Revenues (in millions)	$2,931	$3,613	$4,193	$4,926	$5,540
Diluted EPS	$ .67	$ .76	$ .85	$ .98	$ 1.13*
Operating Cash Flow (in millions)	$ 493	$ 674	$ 680	$ 783	$ 854

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CAPTION:

WE'RE EMPLOYER SERVICES

O WE PAID MORE THAN 27 MILLION WORKERS ON PAYDAY WORLDWIDE THIS YEAR. . .

O MOVED $350 BILLION, ELECTRONICALLY, ON BEHALF OF OUR CLIENTS AND THEIR EMPLOYEES TO TAX AUTHORITIES AND DIRECT DEPOSIT ACCOUNTS. . .

O INCREASED OUR SALES IN ALL NORTH AMERICAN MARKET SEGMENTS AND THROUGHOUT EUROPE AND BRAZIL. . .

O BECAME THE SECOND LARGEST PEO IN THE WORLD WITH THE ACQUISITION OF THE VINCAM GROUP. . .

O CONTINUED OUR PENETRATION OF THE MULTI-BILLION-DOLLAR BENEFITS ADMINISTRATION MARKET. . .AND

O ARE MAKING INVESTMENTS IN PRODUCT AND INFRASTRUCTURE, AS WELL AS PARTNER AND VENDOR RELATIONSHIPS, TO FULLY LEVERAGE THE BENEFITS AND ADVANTAGES OF INTERNET TECHNOLOGY.

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CAPTION:

WE ARE CHARTING A COURSE TO BECOME THE UNDISPUTED INFORMATION SERVICES TECHNOLOGY LEADER FOR A BROAD ARRAY OF HUMAN RESOURCES SERVICES, BY BRINGING SIMPLICITY TO THE PROCESS AND PERFORMING THESE FUNCTIONS BETTER THAN EMPLOYERS THEMSELVES CAN.

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ADP Employer Services (ES) provides a comprehensive set of business solutions across the employment life cycle -- payroll, HR administrative services, tax filing, benefits administration, time and labor management, and compliance reporting -- to more than 425,000 employers in the United States, Canada, Europe and Latin America.

We now process the paychecks of over 24 million workers in the Western Hemisphere, and better than 3 million in Europe. This year, we also printed and delivered a record 38 million W-2s in the U.S. and 4 million year-end statements in Canada.

Broad economic currents, worldwide, are fueling sales and revenue growth. First, the outsourcing of payroll and other employer services by companies of every size continues unabated. The average payroll is also increasing, especially in North America. The growing popularity of Internet-delivered services has opened up a new way for clients to access a wide array of ADP products and services.

In ES, we approach the marketplace by segment, enabling us to match the needs of each client with products and services to best meet expectations.

North America

In North America, ES focuses on three distinct market segments: National Accounts (for clients with 1,000 or more employees); Major Accounts (100 to 999 employees); and Emerging Business Services (fewer than 100 employees).

National Accounts is the largest provider of outsourced payroll, HR and benefits administration services. In '99, our sales of new business in this segment were double what they were just three years ago.

For some clients we provide entire system solutions. To clients who process some

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applications in-house, we deliver stand-alone services such as payroll tax filing, check printing and distribution, and year-end statements. Other large clients rely on us to design and deliver their own customized human resource information systems and benefits outsourcing solutions.

"We have associates who want to be winners, who consistently produce even during difficult times..."

-- Art Weinbach

Major Accounts, the largest ES business, provides mid-size companies with a full suite of best-of-breed employer services solutions, including full database and functional integration between payroll and human resources. Many medium-size firms in the U.S., Canada and the Caribbean Basin are clients of Major Accounts. New business sales in this segment grew significantly for the fifth consecutive year in '99.

Emerging Business Services (EBS) is by far the largest provider of payroll, tax filing and related services to small businesses in the U.S. market. We serve over 340,000 smaller companies with leading solutions, including a range of value-added services that are specifically designed for small business clients.

The ADP Tax and Financial Services Center supports all ES market segments. It serves as an electronic interface between more than 330,000 clients in North America and about 2,000 federal, state and local tax agencies. In '99, we processed over 16 million federal and other employer payroll tax returns.

This year, ADP also became the second largest professional employer organization (PEO) in the U.S. with our acquisition of The Vincam Group. A PEO provides a comprehensive outsourcing solution to meet the employment administration needs (payroll, HR, benefits and workers' compensation insurance) of client companies. PEO revenue per client averages more than 10 times the revenue of a traditional payroll client relationship.

The combined PEO business, called ADP TotalSource(Sm), supports over 81,000 work-site employees in eight states. We believe the long-term growth opportunities in the PEO market are substantial.

In each of our businesses, we continued to expand the value and number of our capabilities through strategic alliances and marketing agreements with best-quality service providers and partners. Additionally, we initiated relationships with enterprise resource providers, enabling us to link ADP payroll and HR systems with key ERP systems.

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In '99, we also acquired the benefits administration business of J&H/KVI. This acquisition is part of our aggressive effort to become the leader in providing benefits administration services.

Europe

ADP Europe provides payroll solutions to nearly 25,000 clients in nine European countries. New business sales were up 40% and revenues increased 19% this year, as the outsourcing trend accelerated. Client retention rates exceeded 90%.

Today, we are the only Pan-European service provider, and more than half of the top 500 companies in Europe -- those with 1,000 or more employees -- are ADP clients. As a majority of European countries move toward a single currency, the euro, and employers are faced with retooling their payroll and bookkeeping systems to be in compliance by 2002, ADP is uniquely positioned to increase its market share in all market segments. Our value-added products and services give us a distinct competitive advantage.

Additionally, our '99 acquisitions -- Chessington (UK), Realisator (Switzerland), and Adid (France)-- are helping us to expand our penetration into Europe's public sector, temporary employment and other markets.

Latin America

A growing number of businesses, from Puerto Rico to Brazil, now outsource payroll and other employer services to ADP. We believe that our presence in this market favorably positions us for future growth throughout the region.

Global Business Services

ADP already offers payroll and related services in 15 countries around the world. To provide for the unique global needs of international companies, this year we initiated Global Business Services. It provides the expertise of a dedicated sales and service

[GRAPHIC OMITTED]

organization, trained and equipped to handle payroll for clients with diverse locations in ADP's major world markets.

We expect Global Business Services to become the preferred resource for many of these very large firms who choose to "one stop shop" as they outsource their employer services worldwide.

The Internet

This year, ES launched a program to deliver products and services over the Internet, empowering clients with convenient access to their data and our services.

For example, EBS will offer EasyPayNet(Sm), enabling small businesses to do payroll and access other ADP services over the Internet. Major Accounts is developing an Internet version of its popular Windows-based PC product. National Accounts is field testing ADP Remote Control (Sm), which gives large corporations with multiple payrolls secure Internet access to their payroll and payroll tax data.

"The Internet is ADP's newest frontier."

-- Gary Butler

The Internet is the most important technological advancement in the past 20 years, and clearly represents substantial strategic opportunities for each of our market segments. We will continue to make significant internal investments, and engage in relationships with other vendors and partners, to fully leverage the benefits and advantages of Internet technology to meet our clients' needs.

ES is poised to enter the next century with a broad vision and strategy, and robust opportunities to grow the business. Our major investments in people, service, products and technology are paying off. We continue to deliver on our commitment to provide World Class Service.

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CAPTION:

WE'RE BROKERAGE SERVICES

WE DELIVER HIGH-QUALITY INVESTOR COMMUNICATION AND TRANSACTION PROCESSING SERVICES WHEN AND WHERE OUR CLIENTS NEED THEM... ACROSS THE INTERNET AND AROUND THE GLOBE.

[GRAPHIC OMITTED]

CAPTION:

o WE PROCESSED OVER 30% MORE NORTH AMERICAN RETAIL EQUITY TRANSACTIONS IN '99 THAN A YEAR AGO -- WITH SOME DAILY PEAKS IN EXCESS OF ONE MILLION TRADES...

o HANDLED MORE THAN 450 MILLION SHAREHOLDER MAILINGS AND TABULATED OVER 50 MILLION BALLOTS, REPRESENTING OVER 330 BILLION SHARES...

o PERFORMED THE SECURITIES TRANSACTION PROCESSING FOR MANY OF THE TOP-RATED ON-LINE BROKERAGE FIRMS...

o HAVE CLIENTS IN 20 COUNTRIES, AND PROCESS TRANSACTIONS FOR THEM IN MOST OF THE WORLD'S CURRENCIES...AND

o SERVE 13 OF THE TOP 15 GLOBAL BANKS WITH AN EXTENSIVE COMPLEMENT OF TRANSACTION PROCESSING SERVICES.

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ADP Brokerage Services is a leading provider of transaction processing, broker desktop productivity applications, and investor communication services to the financial services industry.

We serve a diverse client base, including full-service and discount brokerage firms, global banks, and Internet brokerage companies, as well as corporations, mutual funds, institutional investors, trading firms, and other providers of financial services.

In '99, Brokerage Services processed a significant portion of all U.S. and Canadian retail equity transactions, with combined daily volumes of 827,000 trades per day -- clearly making us the largest provider of transaction processing in North America. ADP Investor Communication Services (ICS) also completed another proxy season with extremely high-quality performance levels and client retention rates.

ICS offers industry-leading data processing, computerized proxy vote tabulation, printing, mailing, and literature fulfillment services. It serves more than 14,000 publicly-traded companies and 450 mutual fund families on behalf of more than 800 brokerage firms and banks.

This year, we processed over 450 million shareholder mailings and tabulated over 50 million ballots representing more than 330 billion shares. A year ago, we introduced proxy voting and the delivery of shareowner communications over the Internet. Currently, 60% of all shares are voted over the telephone, the Internet, or via ProxyEdge(R), our PC-based electronic voting and record keeping product.

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The mailing of pre- and post-sale literature to support our clients' needs has become a strategic growth area for ICS.

Since entering the pre-sale fulfillment business less than two years ago, we have experienced a 40% increase in processing volumes. Pre-sale literature fulfillment includes collation and kit assembly, order entry, distribution, inventory management, and "just-in-time" delivery of prospectuses.

This year, we also distributed more than 10 million prospectuses to meet the post-sale customer compliance requirements of our clients.

In March 1999, we acquired Management Information Services Corp., a well-known provider of shareowner communications to mutual funds and the insurance industry. We believe this acquisition will help us significantly increase our market share in this important and growing market segment.

The Internet

Many of the largest on-line trading firms already use ADP Brokerage Services to process trades and provide their customers with real-time order entry and account inquiry services.

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This year, ADP and Qwest Communications International Inc., which offers broadband Internet-based communications services, started working together to develop and market an end-to-end, single-source Internet solution. This alliance will help our clients gain fast entry into the on-line brokerage market, and enhance the capabilities of those clients who already offer on-line services.

We also introduced Web-based products, such as electronic delivery of trade confirmations and statements, and a mutual funds sales tool, where users can view current fund information. Our clients can now order a prospectus on-line for immediate delivery to an investor.

Straight-through Processing

Increasingly, banks and brokerages are placing a heightened emphasis on outsourcing systems and applications to service providers who can integrate them into efficient processing streams. This "straight-through processing" improves work flow, reduces operating costs and mitigates operational risks.

ADP's ability to provide integrated processing gives incremental value to our product set and is a strategic market advantage. By integrating products that serve the financial services industry, clients that might have had us process a single application now have a viable reason to outsource multiple applications to us that are critical to their businesses.

This year, for example, Discover Brokerage Direct, Inc. (DBD), a market leader in on-line investment services, selected ADP to support its electronic discount brokerage business. In addition to trade and order processing, DBD is utilizing ADP's proxy, optical storage, and prospectus fulfillment services. This comprehensive arrangement includes printing and mailing services for trade confirmations, customer statements, and tax documents for DBD's customers.

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Last year, we also entered into a marketing agreement with Comprehensive Software Systems, Ltd. to market their BrokerView(TM) desktop product for retail brokers and trading desk personnel.

Essentially, it puts at the fingertips of a broker or financial consultant valuable real-time information, so they can manage their customers' investments. ADP has spent the past year linking this browser-based productivity tool with our back-office system. Soon, clients will be able to use it to integrate customer account information, stored in a back-office environment, with contact management and portfolio management systems.

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Global Services

ADP Brokerage Services also is expanding globally and has a strong product set for the international arena. Today, we serve brokerage and banking clients in 20 countries, processing their transactions in most currencies. Thirteen of the top 15 global banks use our transaction processing services.

"ADP's clear intention is to grow globally." -- Art Weinbach

Our Wilco International subsidiary is a leader in the development of global processing and settlement systems for international securities. It offers the highly-functional and superior Gloss(SM) product set with specific features for North America, Europe, Asia, and emerging markets.

In '99, we made two acquisitions which will aid global expansion. We purchased Leading Edge Technologies, a supplier of software solutions to traders in the mortgage-backed securities market, and acquired OMR Systems, a leading provider of global trade processing solutions for financial institutions worldwide.

ADP Global Proxy Services satisfies the proxy voting requirements of investors and financial services firms around the world. A number of our proxy clients are very large custodial banks, whose customers are public and private pension funds, mutual funds and international asset managers. In '99 we distributed proxies and tabulated votes on behalf of our clients' holdings in more than 70 countries. In addition, ICS began processing beneficial proxy services for large cap issuers in the domestic market of The Netherlands.

Where We're Going

ADP Brokerage Services enters '00 with a set of strategic initiatives which will strengthen our position as a premier provider of securities processing and investor communication services worldwide.

Foremost, we will continue to provide more value-added services across all of our businesses. New and enhanced products help to build client satisfaction and present fresh referral opportunities, as well as new streams of revenue.

We also will continue to maximize the synergies of our brokerage processing and investor communication lines of business to deliver more tightly integrated, enterprise-wide solutions.

Additionally, we intend to accelerate the growth of our international proxy services business. Already in development is a domestic proxy product for clients in the United Kingdom, and similar proxy solutions are planned for markets in Germany, Spain, and Japan.

As the Internet becomes a preferred delivery system for products and services in the marketplace, we aim to be the vendor of choice for corporations, banks, brokerages, and mutual funds who opt to offer on-line services. All of our lines of business are expanding their Internet offerings.

Above all else, ADP Brokerage Services is committed to delivering an unrivaled level of World Class Service that translates into improved performance for our clients. It is our belief that service, ultimately, is the greatest differentiator among competitors in the global marketplace.

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Our mission is to be the partner of choice for dealers, consolidators, and manufacturers in the global auto and truck retail industry.

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CAPTION:

WE'RE DEALER SERVICES

o WE SERVE APPROXIMATELY 18,000 AUTO AND TRUCK DEALER CLIENTS AND OVER 30 VEHICLE MANUFACTURERS IN 13 COUNTRIES...

o HAVE A WORLDWIDE CLIENT RETENTION RATE THAT EXCEEDS 90%...

o INTRODUCED OUR NEWEST MILLENNIA 3(TM) SYSTEMS PLATFORM IN NORTH AMERICA, RESULTING IN AN 18% INCREASE IN CPU SALES...

o CONNECTED OVER 30,000 AUTO DEALERS WITH 1.5 MILLION PROSPECTIVE BUYERS EACH MONTH ON THE INTERNET...AND

o ACQUIRED DEALER SOLUTIONS, INC., A PRIVATELY-OWNED DEALER MANAGEMENT SYSTEMS SOFTWARE FIRM, ENHANCING OUR DEVELOPMENT OF WEB-BASED, WINDOWS NT(R) CLIENT-SERVER SOLUTIONS.

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ADP Dealer Services is the leading provider of retail solutions for automotive and truck dealerships, and their manufacturers, worldwide. We deliver these solutions through state-of-the-art transaction systems, data products, and an array of industry-specific professional services.

Today, about 18,000 dealers in North America, Europe, and Latin America, and more than 30 vehicle manufacturers, use our on-site systems and communications networks to manage sales, operations, and marketing efforts.

In '99, client retention worldwide exceeded 90%. We now support more than 200,000 dealership applications in a variety of client sites, ranging in complexity from the largest retail consolidators, such as AutoNation USA and Ford's Auto Collection, to single-point outlets. Dealer Services is positioned to assist dealers of every size and configuration to enhance their operations, optimize profits, and enrich the consumer buying experience.

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North America

The auto and truck retail market was active in '99, energized by new vehicle sales and leasing activities, especially in the strong North American economy. Large dealer networks continued to be a substantial force in the industry, implementing new processes and systems in order to gain greater economies of scale. Manufacturers, more than ever before, were taking an active role in the design and deployment of retail systems. In turn, manufacturers and dealers placed a keen focus on customer loyalty and relationship marketing.

With all these developments, no company in the marketplace today is better positioned than ADP Dealer Services to deliver innovative business solutions to such a wide range of clients in the auto and truck industry. Our products, systems, services, research and development capabilities, and industry knowledge make us a logical partner of choice for retailers and manufacturers.

In '99, we introduced a new model of our powerful Millennia 3 systems platform, boosting performance and capacity to support up to 2,300 users on a single server. Millennia 3 sales continued to be

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extremely strong. ADP's Y2K-ready applications, like Windows(R)-based ADP Elite Plus!(Tm), provide dealers with the ability to profitably manage their businesses and their customer relationships.

The Millennia 3 platform is a key component of ADP's current dealer management system and our go-forward strategy to deliver Web-based, client-server solutions for both dealers and manufacturers. Our acquisition this year of Dealer Solutions, Inc., a developer of Windows NT(R) dealer management systems software, is another significant step in our Web-based, client-server strategy.

"The market rewards superior capabilities and performance."

-- Gary Butler

Many of the publicly-traded automotive retailers are calling upon us to design products and service systems that meet their specific needs -- from network integration and management, to enterprise applications and data warehousing. For example, this year, as one of its selected technology partners, we were chosen by AutoNation Inc., the largest automotive retailer, to design their new operating district model. In March 1999, we successfully implemented the John Elway AutoNation USA project in Denver, CO, consolidating several different competitive systems into a single networked enterprise system, providing the client with the most advanced tools to manage multiple stores with optimum efficiency.

As manufacturers and dealers concentrate on generating brand loyalty and customer satisfaction, many of them turn to ADP's Sandy Group for the creation of customized communications programs. Our Relationship Marketing System has become an increasingly valuable resource for dealers and the auto companies. One such program we developed this year was the Customer Dialog Network for Pontiac*GMC.

The Internet

As more consumers turn to the Internet to purchase a variety of high ticket goods, including autos, trucks and sports utility vehicles, ADP Dealer Services continues to develop the means for our clients to effectively use this new sales channel. In '99, through AutoConnect -- a joint venture with Cox Communications -- we connected more than 30,000 vehicle dealers with an average of 1.5 million potential buyers, monthly, on the Internet. The July 1999 merger of AutoConnect with AutoTrader.com is expected to

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expand the number of dealers to 50,000 and the number of monthly prospects to 2.5 million.

Europe

Today, more than 7,500 European auto dealers and parts wholesalers are ADP clients. As the 1 service provider across much of Europe, ADP enjoys a solid basis for further expansion. Sales were buoyant in '99, CPU installations increased by over 75%, and client retention was extremely high.

We believe two, far-reaching factors will contribute to future growth in this market. First, our Pan-European product set positions us to assist clients as they retool their systems to the euro. In addition, strategic initiatives currently underway with Ford, General Motors-Europe, and other manufacturers present additional avenues to increase our market share, revenues and profits.

Partner of Choice

This year ADP Dealer Services made consistent progress toward our goal to be the partner of choice for dealers, consolidators and manufacturers in the global auto and truck retail industry. And as we did, we continued to fulfill an equally compelling, strategic commient -- to be a World Class Service provider.

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CAPTION:

o WE SERVE MOST OF THE PROPERTY AND CASUALTY INSURANCE CARRIERS IN NORTH AMERICA AND EUROPE. . .

o PROVIDE OUR PRODUCTS AND SERVICES TO NEARLY 14,000 COLLISION REPAIR CENTERS AND OVER 3,000 AUTO PARTS RECYCLERS. . .

o PROCESSED A RECORD 15 MILLION CLAIM ESTIMATES. . .

o BROADENED OUR GLOBAL CLAIMS CAPABILITIES THROUGH OUR INTERNATIONAL BUSINESS, AUDATEX, WHICH BEGAN EXPANDING INTO AUSTRALIA, BRAZIL, AND ITALY. . .

o GREW OUR BUSINESS THAT REVIEWS MEDICAL CLAIMS FROM AUTO ACCIDENTS AND WORKERS' COMPENSATION FILINGS BY OVER 30% FOR THE FIFTH CONSECUTIVE YEAR. . .AND

o COMPLETED '99 WITH 100% CLIENT RETENTION IN OUR CORE INSURANCE BUSINESS.

WE'RE CLAIMS SERVICES

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CAPTION:

WE WILL CONTINUE TO ENHANCE THE CAPABILITIES OF OUR CLAIMSFLO(R) SOLUTIONS, TO PROVIDE OUR CLIENTS WITH MAXIMUM WORKFLOW EFFICIENCIES THROUGHOUT THE CLAIMS MANAGEMENT PIPELINE.

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ADP Claims Services is the international market leader in state-of-the-art integrated settlement, workflow, enterprise management, and information solutions to the property and casualty insurance claims industry. Our products help clients improve their operational efficiency, while enabling them to determine accurate settlements for their policyholders.

Our clients include most major property and casualty insurance carriers, many independent adjuster firms, nearly 14,000 collision repair centers, and over 3,000 auto parts recyclers, primarily in North America and Europe.

This year we processed approximately 15 million claim estimates, as we continued to expand our presence in the global marketplace.

Our Lines of Business

ADP Claims Services has five lines of business: Insurance Claims Services, Integrated Medical Solutions, Collision Repair Services, ADP Hollander, and Audatex. All grew by approximately 10% in '99, providing clients with significant value and new ways to improve productivity.

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Insurance Claims Services (ICS), through our Claimsflo(R) brand, empowers a growing number of clients to streamline their workflow, reduce internal redundancies, prevent fraud, and accelerate the process of claim settlement. We added several new products and enhancements to the Claimsflo line this year. Each addition aims to further advance our clients toward a secure, paperless environment, which facilitates claims handling, reduces overall costs, and improves policyholder satisfaction. We retained all of our major clients this year, and added two new leading property and casualty carriers to our growing ICS client base. Further, Autosource(R), our total loss valuation product, experienced nearly a 30% increase in average transaction volume this year.

"Each of our businesses is well positioned going into the 21st Century."

--Art Weinbach

Integrated Medical Solutions (IMS) grew by over 30% in '99. This was its fifth consecutive year of growth that was 30% or better. IMS offers products and services that allow insurers to efficiently review medical expenses related to auto accidents and workers' compensation claims.

Detecting potential claims abuse and insurance fraud is an important and implicit part of our commitment to our clients. Our products and services are designed to assist insurers in identifying possible issues.

For example, during the past six years, our Provider Bill Audit (PBA(SM)) product which reviews medical claims enabled clients to accurately evaluate $6 billion in claims. In doing so, we helped our clients to detect over $1.5 billion in submitted provider charges that were in excess of reasonable and appropriate fees.

To further enhance the functionality of our IMS product set, we developed an advanced "N-tier" computer platform, on which the entire IMS suite of products will eventually reside. Soon to be operational on this platform are:
PBA, our main medical claim review and management product; Injury Claims Evaluation (ICE(R)) which helps adjusters make fair and accurate settlements involving pain and suffering in third-party auto liability claims; our entire Context product set, which handles an extensive array of workers' compensation issues; and our PPO network services.

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Collision Repair Services, which provides a full complement of products for collision repair facilities, grew nearly 25% this year. Shoplink (Tm) estimating systems are now installed in nearly 10,000 body shops. And our digital imaging solution for claims adjusters, repair centers, and insurers grew in excess of 70% this year.

ADP Hollander continued its commitment to product initiatives that improve the operation of automotive recyclers. We now serve more than 3,000 recycling facilities. Among the products ADP Hollander introduced are: Powerlink(Tm), a new inventory management system; AccuPart 2.0, a portable inventory entry device; and EDENTm Online, an Internet product that broadens market potential and opens an extensive new distribution channel for ADP Hollander clients.

Audatex, the leading provider of insurance claims estimating outside North America, continued to expand its geographical reach in '99 and experienced record revenue. Already serving the majority of top-echelon companies in the European insurance market, we are poised for strong and significant international expansion in both our existing and emerging markets.

This year, we also introduced to the Canadian market Electronic Medical Data Interchange (EMDI). EMDI creates an electronic link between service providers and insurers to facilitate pre-authorization of treatment. Payment for authorized services is made via electronic funds transfer.

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Our Strategy

All of our lines of business completed '99 positioned to serve clients well into the next century. We will continue to develop our robust Claimsflo product family, giving clients powerful and more efficient decision support tools. IMS will remain focused on additional enhancements to workers' compensation and medical cost management solutions.

Collision Repair Services and ADP Hollander will add products and services that further improve the capabilities of existing clients, while further integrating the cross-industry claims settlement process. Audatex will introduce a new suite of products that will redefine how claims are processed in Europe, and accelerate its expansion into Australia, Brazil, and Italy -- which now is the second largest insurance market in Europe.

Every business in ADP Claims Services is committed to providing World Class Service. One very important demonstration of this commitment is the size of our investment in product development and customer service. In '99, we invested approximately a quarter of our revenues into these two vital areas, representing our commitment to the property and casualty insurance industry.

ADP Claims Services has a clearly defined strategy to face, and help shape, the future. We will continue to offer products and services that add value, enhance growth, and help our clients serve their customers better.

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CAPTION:

50 YEARS OF ADP BUSINESS HISTORY AND GROWTH

1949

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CAPTION:

HENRY TAUB, A 21-YEAR-OLD NEW JERSEY ACCOUNTANT, STARTS A MANUAL PAYROLL PROCESSING BUSINESS CALLED AUTOMATIC PAYROLLS, INC. FIRST YEAR REVENUES ARE $2,000.

1957

API INTRODUCES AN AUTOMATED PUNCH CARD CAPABILITY TO INCREASE EFFICIENCY AND CAPACITY FOR PAYROLL PROCESSING.

[GRAPHIC OMITTED]

CAPTION:

1961

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CAPTION:

THE COMPANY, NOW CALLED AUTOMATIC DATA PROCESSING, INC., GOES PUBLIC AND LEASES ITS FIRST COMPUTER, AN IBM 1401. ADP HAS 300 CLIENTS. REVENUES TOP $400,000. HENRY TAUB IS ADP'S FIRST CHIEF EXECUTIVE OFFICER.

1962

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CAPTION:

ADP BROKERAGE SERVICES BECOMES THE COMPANY'S SECOND MAJOR BUSINESS, AS ADP BEGINS OFFERING BACK-OFFICE PROCESSING TO WALL STREET BROKERAGE FIRMS.

1972

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CAPTION:

ADP DEALER SERVICES BECOMES ADP'S THIRD MAJOR BUSINESS UNIT, OFFERING ACCOUNTING AND INVENTORY SERVICES TO AUTO DEALERS.

1975

FRANK LAUTENBERG BECOMES ADP'S SECOND CEO. ADP HAS OVER 5,000 ASSOCIATES AND 35,000 CLIENTS. REVENUES ARE $155 MILLION.

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CAPTION:

1978

ADP INITIATES PAYROLL TAX FILING SERVICES. COMPANY REVENUES NEAR THE $300 MILLION MARK.

1979

ADP ENTERS THE CANADIAN MARKETPLACE OFFERING PAYROLL SERVICES IN A JOINT VENTURE WITH BANK OF MONTREAL.

1980

ADP CLAIMS SERVICES IS FORMED WHEN ADP ENTERS THE AUTO DAMAGE ESTIMATING MARKET VIA A SMALL ACQUISITION. TODAY THIS BUSINESS SERVES MOST PROPERTY AND CASUALTY INSURANCE CARRIERS.

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CAPTION:

1981

COMPANY REVENUES TOP $500 MILLION AND ADP NOW HAS OVER 75,000 CLIENTS.

1982

JOSH WESTON BECOMES ADP'S THIRD CEO. ADP HAS 15,000 ASSOCIATES AND 100,000 CLIENTS. REVENUES ARE $670 MILLION.

[GRAPHIC OMITTED]

CAPTION:

1989

ADP NOW PROCESSES THE PAYCHECKS FOR ABOUT 10% OF THE U.S. WORKFORCE, AND ENTERS THE SHAREHOLDER PROXY SERVICES BUSINESS, BECOMING THE MARKET LEADER OVER THE NEXT SEVERAL YEARS. ADP NOW HAS 200,000 CLIENTS WORLDWIDE.

[GRAPHIC OMITTED]

CAPTION:

1994

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CAPTION:

WILCO INTERNATIONAL, INC. IS ACQUIRED, POSITIONING ADP TO BE A LEADER IN GLOBAL CURRENCY AND SECURITIES TRADING SERVICES.

1995

ADP ACQUIRED GSI, MAKING ADP THE LARGEST PAN-EUROPEAN PAYROLL AND HR SERVICE PROVIDER.

1996

ART WEINBACH BECOMES ADP'S FOURTH CEO. ADP EXPANDS ITS PRESENCE IN EUROPE AND OTHER GLOBAL MARKETS. ADP'S CORE BUSINESSES EXTEND THEIR MARKET REACH WITH A COMMITMENT TO WORLD CLASS SERVICE. THE COMPANY HAS 29,000 ASSOCIATES AND 375,000 CLIENTS. REVENUES ARE $3.5 BILLION.

[GRAPHIC OMITTED]

CAPTION:

1999

[GRAPHIC OMITTED]

CAPTION:

TODAY, ADP HAS 37,000 ASSOCIATES AND 450,000 CLIENTS. REVENUES ARE OVER $5 BILLION, AND ADP SERVICES ARE NOW USED BY CLIENTS ON SIX CONTINENTS.

IN 1999, ADP EXTENDED ITS UNPARALLELED RECORD OF GROWTH AS A PUBLICLY-HELD COMPANY BY REPORTING ITS 152D CONSECUTIVE QUARTER OF RECORD REVENUES AND 38TH CONSECUTIVE YEAR OF DOUBLE-DIGIT EPS GROWTH.

CAPTION:

A PLACE WHERE CAREERS ARE BUILT...

FIVE DECADES OF CONSISTENT GROWTH HAVE MADE ADP A SPECIAL PLACE WHERE REWARDING CAREERS CONTINUE TO BE BUILT -- MANY FROM ENTRY-LEVEL POSITIONS.

[GRAPHIC OMITTED]

CAPTION:

FOR EXAMPLE, MARIANNE BROWN, SENIOR VICE PRESIDENT OF BROKERAGE SERVICES,

GOT HER START AS AN ENTRY-LEVEL CLERK IN 1978.

[GRAPHIC OMITTED]

CAPTION:

JOHN BARFITT, PRESIDENT OF CLAIMS SERVICES, BEGAN HIS ADP CAREER IN 1979 AS AN ACCOUNT EXECUTIVE WITH DEALER SERVICES IN CANADA. KAREN DYKSTRA, ADP'S CORPORATE CONTROLLER, JOINED THE COMPANY IN 1981 AS A JUNIOR ACCOUNTANT. GARY BUTLER, OUR PRESIDENT AND CHIEF OPERATING OFFICER, BEGAN WITH ADP IN 1975 SELLING PAYROLL SERVICES IN ATLANTA.

[GRAPHIC OMITTED]

CAPTION:

MARIANNE, JOHN, KAREN AND GARY REPRESENT A WIDE RANGE OF TALENTED ASSOCIATES WHO CAN BE FOUND THROUGHOUT OUR ORGANIZATION...PEOPLE WHO COME TO WORK EVERYDAY TO MAKE A DIFFERENCE.

Selected Financial Data

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts) Years ended June 30,	1999	1998	1997	1996	1995
Total revenues	$5,540,141	$4,925,956	$4,193,447	$3,613,014	$2,931,336
Cost of operations	4,436,551	4,010,856	3,438,784	2,947,962	2,370,385
Interest expense	19,090	24,383	28,224	29,731	24,355
	4,455,641	4,035,239	3,467,008	2,977,693	2,394,740
Earnings before income taxes	1,084,500	890,717	726,439	635,321	536,596
Provision for income taxes	387,660	282,455	211,195	180,574	140,148
Net earnings	$ 696,840	$ 608,262	$ 515,244	$ 454,747	$ 396,448
Basic earnings per share	$ 1.13	$ 1.01	$ .88	$ .78	$ .69
Diluted earnings per share	$ 1.10	$ .98	$ .85	$ .76	$ .67
Basic shares outstanding	615,630	600,803	588,112	582,861	575,151
Diluted shares outstanding	636,892	628,196	620,117	615,898	608,580
Cash dividends per share	$ .295	$ .25625	$ .2225	$ .19375	$ .15625
Return on equity	18.7%	20.0%	20.6%	20.3%	21.0%
At year end:					
Cash, cash equivalents and marketable securities	$2,169,040	$1,673,271	$1,516,450	$1,107,323	$1,299,699
Working capital	$ 907,864	$ 626,063	$ 805,797	$ 618,409	$ 671,677
Total assets	$5,824,820	$5,242,867	$4,439,293	$3,862,009	$3,218,926
Long-term debt	$ 145,765	$ 192,063	$ 402,088	$ 405,157	$ 391,522
Shareholders' equity	$4,007,941	$3,439,447	$2,689,415	$2,309,468	$2,098,957

All share and per share data have been adjusted to reflect a two-for-one stock split on January 1, 1999. The selected financial data shown above have also been restated to reflect a March 1999 pooling-of-interests transaction. See Note 2 to the consolidated financial statements.

1999 data includes non-recurring charges totaling approximately $17 million (after-tax) associated with certain acquisitions and dispositions.

1997 data includes non-recurring charges totaling approximately $12 million (after-tax). See Note 3 to the consolidated financial statements.

Management's Discussion and Analysis

Operating Results

Revenues and earnings reached record levels during each of the past three fiscal years. The Company's results have been restated to reflect a January 1, 1999 two-for-one common stock split and the third quarter fiscal '99 pooling of interests transaction with The Vincam Group (Vincam). During fiscal '99, revenues increased 12% to $5.5 billion. Prior to non-recurring charges, pretax earnings increased 20% and diluted earnings per share increased 15% to $1.13. During fiscal '99 the Company sold several businesses and decided to exit several other businesses and contracts. The Company also recorded transaction costs and other adjustments related to Employer Services' acquisition of Vincam. The combination of these transactions resulted in non-recurring charges of $0.03 in fiscal '99. Fiscal '99 was ADP's 38th consecutive year of double-digit earnings per share growth since becoming a public company in 1961.

Revenues and revenue growth by ADP's major business units are shown below:

	Revenues			Revenue Growth		
	Years Ended June 30,			Years Ended June 30,		
(In Millions)	1999	1998	1997	1999	1998	1997
Employer Services	$3,310	$2,874	$2,355	15%	22%	20%
Brokerage Services	1,154	1,100	892	5	23	13
Dealer Services	744	698	651	7	7	17
Other	332	254	295	31	(14)	(6)
Consolidated	$5,540	$4,926	$4,193	12%	17%	16%

Consolidated revenues grew 12% in fiscal '99 primarily from increased market penetration, from an expanded array of products and services, and from acquisitions, with relatively minor contributions from price increases. Prior to acquisitions and dispositions, revenue increased approximately 14%.

Prior to the non-recurring charges, the consolidated pretax margin was 19.3% in '99, 18.1% in '98, and 18.0% in '97. Pretax margin improved over the previous year due to the disposal of several non-strategic, lower margin businesses. In addition, continued automation and operating efficiencies enabled the Company to offset start-up costs associated with new products and increased spending on systems development and programming.

The Company does not prepare its financial statements in a manner that generates the true stand-alone profitability for each unit, and profitability measurements are not maintained in a consistent manner among the Company's major business units. 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. As a result, various income and expense items, including non-recurring gains and losses, are recorded at the corporate level and certain shared costs are not allocated. Consequently, comparisons of specific margins between units are not meaningful, although trend information within a business unit is a useful directional indicator.

Employer Services

Employer Services' (ES) revenues grew 15% in fiscal '99, and in the absence of acquisitions, revenue growth would have been about 15% in '99, 15% in '98 and 12% in '97.

ES operating margin was 20.3% in '99, 19.8% in '98 and 21.1% in '97. ES operating margin improved due to operating efficiencies slightly offset by investments in new products and acquisitions as well as the Company's integration and repositioning of several products and businesses.

ES' revenue shown above includes the pretax equivalent of interest earned on funds collected from clients as part of the Company's integrated payroll and payroll tax filing services. The pretax equivalent has been calculated at a standard rate of 6%.

Brokerage Services

Brokerage Services' revenue growth of 5% was impacted by the dispositions of the front-office business and several other small non-strategic businesses. In the absence of acquisitions and dispositions, revenue growth would have been about 20% in '99, compared to 22% in '98 and 12% in '97.

The Brokerage Services operating margin was 19% in `99 compared to 15% in `98 and 14% in `97. The improved margin resulted from the disposition of several unprofitable businesses and strong trading activity.

In `99 the Company divested the $150 million revenue front-office "market data" business and as part of the agreement took a minority investment in the acquiring company.

Dealer Services

Dealer Services' revenues grew 7% in '99, compared to 7% in '98 and 17% in '97. In the absence of acquisitions and dispositions, '99 revenue growth would have been 7%, compared to 8% in '98 and 6% in '97. Dealer Services' operating margin increased to 15% in fiscal '99 compared to 14% in '98 and 17% in '97. Dealer Services' operating margin improved primarily in North America resulting from operating efficiencies.

Other

The primary components of "Other" revenues are claims services, interest income, foreign exchange differences, and miscellaneous processing services. In addition, "Other" revenues have been reduced to adjust for the difference between actual interest income earned on invested tax filing funds and income credited to Employer Services at a standard rate of 6%.

During fiscal '99 the Company sold its Peachtree Software and Brokerage Services front-office business, and decided to exit several other businesses and contracts. The combination of these transactions and certain other charges resulted in an approximately $37 million reduction in general, administrative and selling expenses and a $40 million provision for income taxes.

Additionally, '99 includes approximately $21 million of transaction costs and other adjustments in general, administrative and selling expenses, ($14 million after-tax) recorded by Vincam prior to the March 1999 pooling transaction.

During '97, the Company recorded approximately $29 million of net non-recurring pretax charges. Included in the pretax charges was an approximately $18 million charge reflecting the Company's settlement with the Federal Trade Commission and net pretax charges of approximately $11 million related to the Brokerage Services front-office business.

In each of the past three years, investments in systems development and programming have increased to accelerate automation, migrate to new computing technologies, address Year 2000 compliance, and develop new products.

The majority of the Company's services involve computer processing and, as such, the Year 2000 could have a significant impact on the Company's products and services. As a result, the Company has worked for several years addressing both internal and third-party Year 2000 compliance issues.

The majority of the Company's mission-critical systems are Year 2000 compliant and the few remaining systems, primarily from recent acquisitions, are expected to be compliant before the end of the calendar year. In addition, the Company has been actively working with external agencies and partners, including government agencies, to determine and conform to their Year 2000 compliance plans. Third-party interface testing and resolution of Year 2000 issues with external agencies and partners are dependent upon those third parties completing their own Year 2000 remediation efforts.

The cost of Year 2000 remediation is not expected to have a material adverse effect on the Company's overall results, as these costs are not expected to be substantially different from normal recurring costs that are incurred for systems development and implementation.

In '99, the Company's effective tax rate was approximately 35.7%. Excluding the impact of the non-recurring charges associated with certain acquisitions, dispositions and other activities, the effective tax rate was 33.2%, up from 31.7% in '98 and 29.1% in '97. The increasing rate is primarily a result of non-taxable investment income declining as a percentage of pretax income.

For '00, ADP is planning another record year with double-digit growth in revenues, and diluted earnings per share growth in the range of 13% to 15% over '99 results prior to non-recurring items.

Additional comments and operating results are included in the Letter to Shareholders on pages 3 through 4 and in the business descriptions presented on pages 6 through 13.

Financial Condition

ADP's financial condition and balance sheet remain exceptionally strong. At June 30, 1999, cash and marketable securities approximated $2.2 billion.
Shareholders' equity exceeded $4.0 billion, and return on average equity for the year was about 19%. The ratio of long-term debt to equity at June 30, 1999 was 4%.

Cash flow from operating activities exceeded $850 million in '99 with another excellent year expected in '00.

In '99, 2.6 million shares of common stock were purchased at an average price of approximately $33 as part of an ongoing program to fund equity-related employee benefits. The Board of Directors has authorized the purchase of up to 14.5 million additional shares.

In '99, zero coupon convertible subordinated notes were converted to about 2.6 million shares of common stock.

During '99, the Company purchased several businesses for approximately $107 million in cash. The cost of acquisitions in '98 and '97 aggregated $351 million and $128 million, respectively.

In March 1999, the Company issued 7.2 million shares of common stock to acquire Vincam, a leading PEO providing a suite of human resource functions to small- and medium-sized employers on an outsourced basis, in a pooling of interests transaction.

The Company also acquired several businesses in fiscal '99 (subsequent to the Vincam acquisition), '98 and '97 in pooling of interests transactions in exchange for approximately 4 million, 1 million, and 6 million shares of common stock, respectively. The Company's consolidated financial statements were not restated because in the aggregate these transactions were not material.

Capital expenditures during '99 were approximately $178 million following investments of $202 million in '98 and $178 million in '97. Capital spending in fiscal '00 should approximate $215 million.

The Company's investment portfolio for corporate and client funds consists primarily of fixed income securities subject to interest rate risk, including reinvestment risk. The Company has historically had the ability to hold these investments until maturity, and therefore this has not had an adverse impact on income or cash flows.

Market Price, Dividend Data and Other

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

	Price Per Share		Dividends
Fiscal 1999 quarter ended	High	Low	Per Share
June 30	$46 7/8	$39 1/16	$.07625
March 31	42 5/8	36 1/4	.07625
December 31	42 5/32	32 23/32	.07625
September 30	40 7/32	31 3/4	.06625
Fiscal 1998 quarter ended			
June 30	$36 7/16	$30 13/16	$.06625
March 31	35 11/32	28 25/32	.06625
December 31	31 11/32	23 11/16	.06625
September 30	25 7/32	22 3/16	.0575

As of June 30, 1999 there were approximately 33,000 holders of record of the Company's common stock. Approximately 190,000 additional holders have their stock in "street name."

This report contains "forward-looking statements" based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ from those expressed. Factors that could cause differences include: ADP's success in obtaining, retaining and selling additional services to clients; the pricing of products and services; overall economic trends, including interest rate and foreign currency trends; impact of Year 2000; stock market activity; auto sales and related industry changes; employment levels; changes in technology; availability of skilled technical associates; and the impact of new acquisitions.

Statements of Consolidated Earnings

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts) Years ended June 30,	1999	1998	1997
Revenues, other than PEO	$5,379,758	$4,789,236	$4,109,708
PEO revenues (net of pass-through costs of $1,748,841 $1,293,866 and $723,429, respectively)	160,383	136,720	83,739
Total revenues	5,540,141	4,925,956	4,193,447
Operating expenses	2,376,172	2,149,343	1,765,959
General, administrative and selling expenses	1,375,192	1,237,403	1,150,121
Systems development and programming costs	412,380	376,485	297,794
Depreciation and amortization	272,807	247,625	224,910
Interest expense	19,090	24,383	28,224
	4,455,641	4,035,239	3,467,008
Earnings before income taxes	1,084,500	890,717	726,439
Provision for income taxes	387,660	282,455	211,195
Net earnings	$ 696,840	$ 608,262	$ 515,244
Basic earnings per share	$ 1.13	$ 1.01	$ .88
Diluted earnings per share	$ 1.10	$ .98	$ .85
Basic shares outstanding	615,630	600,803	588,112
Diluted shares outstanding	636,892	628,196	620,117

See notes to consolidated financial statements.

Consolidated Balance Sheets

Automatic Data Processing, Inc. and Subsidiaries

(In thousands, except per share amounts) June 30,	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	$ 861,280	$ 763,063
Short-term marketable securities	231,214	144,936
Accounts receivable	860,836	751,609
Other current assets	240,927	220,926
Total current assets	2,194,257	1,880,534
Long-term marketable securities	1,076,546	765,272
Long-term receivables	213,413	177,946
Property, plant and equipment -- at cost:		
Land and buildings	400,189	388,315
Data processing equipment	550,757	702,268
Furniture, leaseholds and other	449,862	436,040
	1,400,808	1,526,623
Less accumulated depreciation	(821,514)	(936,309)
	579,294	590,314
Other assets	228,936	168,609
Intangibles	1,532,374	1,660,192
	$ 5,824,820	$ 5,242,867
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable	$ 66,952	$ 239,811
Accounts payable	130,456	126,207
Accrued expenses and other current liabilities	952,326	834,187
Income taxes	136,659	54,266
Total current liabilities	1,286,393	1,254,471
Long-term debt	145,765	192,063
Other liabilities	132,081	104,142
Deferred income taxes	138,236	147,397
Deferred revenue	114,404	105,347
Shareholders' equity:		
Preferred stock, $1.00 par value:		
Authorized, 300 shares; issued, none	--	--
Common stock, $.10 par value:		
Authorized, 1,000,000 shares; issued, 628,576 shares	62,858	62,858
Capital in excess of par value	421,333	476,686
Retained earnings	3,848,421	3,372,247
Treasury stock -- at cost 4,949 and 17,188 shares, respectively	(189,204)	(370,724)
Accumulated other comprehensive income	(135,467)	(101,620)
Total shareholders' equity	4,007,941	3,439,447
	$ 5,824,820	$ 5,242,867

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 Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Comprehensive Income	Accumulated Other Comprehensive Income
Balance, July 1, 1996	628,554	$62,856	$307,283	$2,532,067	$(581,725)		$ (11,013)
Net earnings	--	--	--	515,244	--	$ 515,244	--
Currency translation						(61,523)	(61,523)
Unrealized loss on securities						(1,003)	(1,003)
Comprehensive income						$ 452,718	--
Employee stock plans and related tax benefits	--	--	83,286	--	44,204		--
Treasury stock acquired (4,241 shares)	--	--	(8,972)	--	(85,532)		--
Acquisitions (5,956 shares)	--	--	(35,390)	679	35,727		--
Debt conversion (1,258 shares)	22	2	13,138	--	10,162		--
Dividends ($.2225 per share)	--	--	--	(129,814)	--		--
Other transactions	--	--	--	(261)	--		--
Balance, June 30, 1997	628,576	62,858	359,345	2,917,915	(577,164)		(73,539)
Net earnings	--	--	--	608,262	--	$ 608,262	--
Currency translation						(26,531)	(26,531)
Unrealized loss on securities						(1,550)	(1,550)
Comprehensive income						$ 580,181	--
Employee stock plans and related tax benefits	--	--	68,050	--	61,714		--
Treasury stock acquired (1,792 shares)	--	--	--	--	(40,907)		--
Acquisitions (1,911 shares)	--	--	(15,841)	(1,004)	29,431		--
Debt conversion (11,850 shares)	--	--	64,583	--	156,202		--
Dividends ($.25625 per share)	--	--	--	(152,888)	--		--
Other transactions	--	--	549	(38)	--		--
Balance, June 30, 1998	628,576	62,858	476,686	3,372,247	(370,724)		(101,620)
Net earnings	--	--	--	696,840	--	$ 696,840	--
Currency translation						(47,674)	(47,674)
Unrealized gain on securities						13,827	13,827
Comprehensive income						$ 662,993	--
Employee stock plans and related tax benefits	--	--	44,163	--	95,086		--
Treasury stock acquired (2,550 shares)	--	--	--	--	(85,365)		--
Acquisitions (4,316 shares)	--	--	(97,594)	(39,533)	119,583		--
Debt conversion (2,623 shares)	--	--	(1,922)	--	52,216		--
Dividends ($.295 per share)	--	--	--	(181,133)	--		--
Balance, June 30, 1999	628,576	$62,858	$421,333	$3,848,421	$(189,204)		$(135,467)

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

Automatic Data Processing, Inc. and Subsidiaries

(In thousands) Years ended June 30,	1999	1998	1997
Cash Flows From Operating Activities			
Net earnings	$ 696,840	$ 608,262	$ 515,244
Adjustments to reconcile net earnings to net cash flows provided by operating activities:			
Depreciation and amortization	272,807	247,625	224,910
Deferred income taxes	(23,235)	(3,020)	(35,767)
Increase in receivables and other assets	(155,132)	(207,819)	(157,860)
Increase in accounts payable and accrued expenses	20,698	47,931	51,440
Other	41,883	90,374	81,580
Net cash flows provided by operating activities	853,861	783,353	679,547
Cash Flows From Investing Activities			
Purchase of marketable securities	(608,300)	(617,669)	(659,835)
Proceeds from sale of marketable securities	276,992	550,405	627,176
Capital expenditures	(177,700)	(202,169)	(177,861)
Additions to intangibles	(62,360)	(95,797)	(15,321)
Acquisitions of businesses, net of cash acquired	(107,317)	(338,436)	(118,223)
Disposals of businesses	276,035	59,171	39,529
Other	10,590	13,634	38,433
Net cash flows used in investing activities	(392,060)	(630,861)	(266,102)
Cash Flows From Financing Activities			
Payments of debt	(289,141)	(7,681)	(3,371)
Proceeds from issuance of notes	91,696	120,986	47,731
Repurchases of common stock	(85,365)	(40,907)	(127,709)
Proceeds from issuance of common stock	100,359	81,111	98,244
Dividends paid	(181,133)	(152,888)	(129,814)
Other	--	(1,845)	(3,920)
Net cash flows used in financing activities	(363,584)	(1,224)	(118,839)
Net change in cash and cash equivalents	98,217	151,268	294,606
Cash and cash equivalents, at beginning of period	763,063	611,795	317,189
Cash and cash equivalents, at end of period	$ 861,280	$ 763,063	$ 611,795

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended June 30, 1999, 1998 and 1997

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. 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. Cash and Cash Equivalents. Highly-liquid investments with a maturity of ninety days or less at the time of purchase are considered cash equivalents.

C. Marketable Securities. Marketable securities consist primarily of high-grade fixed income investments. All of the Company's marketable securities are considered to be "available-for-sale" and, accordingly, are carried on the balance sheet at fair market value, which approximates cost. Gains/losses from the sale of marketable securities have not been material. Approximately $423 million of the Company's long-term marketable securities mature in 1-2 years, $276 million in 2-3 years, $216 million in 3-4 years, and the remainder in 5-7 years.

D. Property, Plant and Equipment. Property, plant and equipment is depreciated over the estimated useful lives of the assets by 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

E. Intangibles. Intangible assets are recorded at cost and are amortized primarily on a straight-line basis. Goodwill is amortized over periods from 10 to 40 years, and is periodically reviewed for impairment by comparing carrying value to undiscounted expected future cash flows. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is taken.

F. Revenue Recognition. Service revenues, including monthly license, maintenance and other fees, are recognized as services are provided. Prepaid software licenses and the gross profit on the sale of hardware is recognized in revenue primarily at installation and client acceptance with a portion deferred and recognized on a straight-line basis over the initial contract period. Professional Employer Organization (PEO) revenues are net of pass-through costs, which include wages and taxes.

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 other comprehensive income on the balance sheet.

H. Earnings Per Share (EPS). As of January 1, 1999, the Company had a two-for-one stock split. All per share earnings, dividends and references to common stock give effect to this split. The calculation of basic and diluted EPS is as follows:

(In thousands, except EPS)	Basic	Effect of zero coupon subordinated notes	Effect of stock options	Diluted
1999				
Net earnings	$696,840	$ 3,607	$ --	$700,447
Average shares	615,630	5,956	15,306	636,892

EPS	$ 1.13			$ 1.10
1998				
Net earnings	$608,262	$ 7,833	$ --	$616,095
Average shares	600,803	14,030	13,363	628,196
EPS	$ 1.01			$ .98
1997				
Net earnings	$515,244	$ 11,302	$ --	$526,546
Average shares	588,112	19,372	12,633	620,117
EPS	$ .88			$ .85

I. Reclassification of Prior Financial Statements. Certain reclassifications have been made to previous years' financial statements to conform to current classifications.

Note 2. Acquisitions and Dispositions

In March 1999, the Company issued 7.2 million shares of common stock to acquire The Vincam Group (Vincam), a leading PEO providing a suite of human resource functions to small- and medium-sized employers on an outsourced basis, in a pooling of interests transaction. Premerger results of the companies were as follows:

(In thousands except for EPS)

	Total revenues		Net earnings	
	First Nine Months of 1999	1998	First Nine Months of 1999	1998
ADP	$3,966,754	$4,798,061	$ 516,551	$ 605,300
Vincam	102,700	127,895	(11,500)	2,962
As restated	$4,069,454	$4,925,956	$ 505,051	$ 608,262

Notes to Consolidated Financial Statements (continued)

Automatic Data Processing, Inc. and Subsidiaries

During fiscal 1999, 1998 and 1997, the Company purchased several businesses for approximately $107 million, $351 million (including $13 million in common stock) and $128 million (including $7 million in common stock and $3 million in liabilities) respectively, net of cash acquired. The results of these acquired businesses are included from the date of acquisition.

The Company also acquired several businesses in fiscal 1999 (subsequent to the Vincam acquisition), 1998 and 1997 in pooling of interests transactions in exchange for approximately 4.3 million, .9 million and 5.7 million shares of common stock, respectively. The Company's consolidated financial statements were not restated because in the aggregate these transactions were not material.

Additionally, in fiscal 1999 and 1998, the Company sold several businesses with annual revenues of approximately $270 million and $95 million, respectively. As part of the 1999 business dispositions, the Company received $90 million of convertible preferred stock which is included in other assets. The $90 million approximates fair value.

Note 3. Non-recurring Items

During fiscal 1999 the Company sold its Peachtree Software and Brokerage Services front office "market data" businesses and decided to exit several other businesses and contracts. The combination of these transactions and certain other non-recurring charges resulted in a net pretax gain of approximately $37 million and a $40 million provision for income taxes.

Additionally, 1999 also includes approximately $21 million of transaction costs and other non-recurring adjustments ($14 million after-tax) recorded by Vincam prior to the March 1999 pooling transaction.

In the fourth quarter of fiscal 1997, the Company reached a settlement with the Federal Trade Commission resulting in a pretax loss of approximately $18 million. In the fourth quarter of fiscal 1997, the Company also recorded a non-taxable gain of approximately $19 million and a provision of approximately $31 million ($19 million after-tax) to reduce product lines and platforms and consolidate data centers.

Note 4. Receivables

Accounts receivable is net of an allowance for doubtful accounts of $46 million at both June 30, 1999 and 1998.

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:

(In thousands) June 30,	1999		1998	
	Current	Long-term	Current	Long-term
Receivables	$147,274	$259,585	$135,265	$217,644
Less:				
Allowance for doubtful accounts	(14,196)	(16,556)	(15,738)	(14,432)
Unearned income	(26,776)	(29,616)	(24,072)	(25,266)
	$106,302	$213,413	$ 95,455	$177,946

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 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, 1999 mature as follows:

(In thousands)	
2001	$111,597
2002	78,779
2003	49,336
2004	17,977
2005	1,599
Thereafter	297
	$259,585

Note 5. Intangible Assets

Components of intangible assets are as follows:

(In thousands) June 30,	1999	1998
Goodwill	$ 1,215,179	$ 1,285,886
Other	978,240	942,786
	2,193,419	2,228,672
Less accumulated amortization	(661,045)	(568,480)
	$ 1,532,374	$ 1,660,192

Other intangibles consist primarily of purchased rights (acquired directly or through acquisitions) to provide data processing services to various groups of clients (amortized over periods from 5 to 36 years) and purchased software (amortized over periods from 3 to 10 years). Amortization of intangibles totaled $126 million for fiscal 1999, $103 million for 1998 and $92 million for 1997.

Note 6. Debt

Components of long-term debt are as follows:

(In thousands) June 30,	1999	1998
Zero coupon convertible subordinated notes (5 1/4% yield)	$ 97,705	$ 142,953
Industrial revenue bonds (with fixed and variable interest rates from 3.3% to 5.5%)	37,267	38,040
Other	11,876	16,711
	146,848	197,704
Less current portion	(1,083)	(5,641)
	$ 145,765	$ 192,063

Notes to Consolidated Financial Statements (continued)

Automatic Data Processing, Inc. and Subsidiaries

The zero coupon convertible subordinated notes have a face value of approximately $190 million at June 30, 1999, and mature February 20, 2012, unless converted or redeemed earlier. At June 30, 1999, the notes were convertible into approximately 4.9 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 2002 and 2007. During fiscal 1999 and 1998, approximately $101 million and $458 million face value of notes were converted or redeemed. As of June 30, 1999 and 1998, the quoted market prices for the zero coupon notes were approximately $197 million and $267 million, respectively. The fair value of the other debt included above, based on available market information, approximates its carrying value.

Long-term debt repayments are due as follows:

(In thousands)	
2001	$ 8,768
2002	1,400
2003	76
2004	81
2005	1,000
Thereafter	134,440
	$145,765

During fiscal 1999 and 1998, the average interest rate for notes payable was 4.3% and 3.8%, respectively.

Interest payments were approximately $12 million in both fiscal 1999 and 1998, and $10 million in fiscal 1997.

Note 7. Payroll and Payroll Tax Filing Services

As part of its integrated payroll and payroll tax filing services, the Company collects funds for federal, state and local employment taxes from approximately 330,000 clients, files annually over 16 million returns, handles all regulatory 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 funds by investing the funds primarily in fixed income instruments. The amount of collected but unremitted funds for the Company's payroll and tax filing and certain other services varies significantly during the year and averaged approximately $5.9 billion in fiscal 1999, $5.2 billion in fiscal 1998 and $4.5 billion in fiscal 1997. The amount of such funds was $7.0 billion as of June 30, 1999 and $6.5 billion as of June 30, 1998. In June 1999, the Company entered into interest rate swap agreements in the notional amount of $400 million for twelve months. Interest on collected but unremitted funds amounted to approximately $269 million in fiscal 1999, $246 million in 1998 and $213 million in 1997.

Note 8. 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, 1999, there were 8,500 participants in the plans. The aggregate purchase price for options outstanding at June 30, 1999 was approximately $1.1 billion. The options expire at various points between 1999 and 2009.

A summary of changes in the stock option plans for the three years ended June 30, 1999 is as follows:

(In thousands, except per share amounts)

	Number of options			Weighted average price		
Years ended June 30,	1999	1998	1997	1999	1998	1997
Options outstanding, beginning of year	45,596	43,176	45,846	$18	$15	$12
Options granted	11,616	11,377	7,346	$38	$29	$23
Options exercised	(6,154)	(5,970)	(5,913)	$12	$10	$ 9
Options canceled	(3,591)	(2,987)	(4,103)	$24	$18	$14
Options outstanding, end of year	47,467	45,596	43,176	$24	$18	$15
Options exercisable, end of year	16,898	14,820	14,525	$15	$11	$ 9
Shares available for future grants, end of year	1,691	9,358	17,441			
Shares reserved for issuance under stock option plans	49,158	54,954	60,617			

Summarized information about stock options outstanding as of June 30, 1999 is as follows:

	Outstanding			Exercisable	
Exercise Price Range	No. of options (in thousands)	Remaining Life (in years)	Average Exercise Price	No. of options (in thousands)	Average Exercise Price
Under $15	13,129	3.6	$11	10,128	$10
$15 to $20	8,540	6.3	$18	3,660	$18
$20 to $25	5,486	7.7	$23	1,287	$23
$25 to $30	6,699	8.4	$27	1,105	$27
$30 to $35	2,908	8.9	$32	450	$32
Over $35	10,705	9.4	$40	268	$43

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 end of the plans. Approximately 3.0 million and 3.3 million shares are scheduled for issuance on December 31, 2000 and 1999, respectively. Approximately 3.2 million and 3.6 million shares were issued during the years ended June 30, 1999 and 1998, respectively. At June 30, 1999 and 1998, there were approximately 9.5 million and 11.0 million shares, respectively, reserved for purchase under the plans. Included in liabilities as of June 30, 1999 and 1998 are employee stock purchase plan withholdings of approximately $72 million and $63 million, respectively.

Notes to Consolidated Financial Statements (continued)

Automatic Data Processing, Inc. and Subsidiaries

The Company follows APB 25 to account for its stock plans. The pro forma net income impact of options and stock purchase plan rights granted subsequent to July 1, 1995 is shown below. The fair value for these instruments was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

Years ended June 30,	1999	1998	1997
Risk-free interest rate	4.5-5.7%	5.4-6.3%	5.8-6.6%
Dividend yield	1.0%	1.0%	1.0-1.1%
Volatility factor	19.7-21.8%	13.9-17.4%	12.7-13.2%
Expected life:			
Options	6.3	6.2	6.2
Purchase rights	2.0	2.0	2.0
Weighted average fair value:			
Options	$11.63	$ 7.99	$6.22
Purchase rights	$12.29	$10.72	$5.97

The Company's pro forma information, amortizing the fair value of the stock options and stock purchase plan rights issued subsequent to July 1, 1995 over their vesting period, is as follows:

(In millions, except per share amounts) Years ended June 30,	1999	1998	1997
Pro forma net earnings	$ 638	$ 569	$ 495
Pro forma basic earnings per share	$ 1.04	$ .95	$ .84
Pro forma diluted earnings per share	$ 1.01	$ .92	$ .81

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, 1999, 1998 and 1997, the Company issued 121,400, 261,000 and, 257,600 restricted shares, respectively.

B. Pension Plan. 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 7% interest. Employees are fully vested on completion of five years' 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.

The plans' funded status is as follows:

(In thousands) June 30,	1999	1998
Change in plan assets:		
Funded plan assets at market value at beginning of year	$ 306,900	$ 245,300
Actual return on plan assets	34,600	41,100
Employer contributions	19,200	25,500
Benefits paid	(6,200)	(5,000)
Funded plan assets at market value at end of year	$ 354,500	$ 306,900
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 231,300	$ 180,100
Service cost	23,400	18,000
Interest cost	16,400	14,500
Actuarial (gain) loss	(8,500)	23,700
Benefits paid	(6,200)	(5,000)
Projected benefit obligation end of year	$ 256,400	$ 231,300
Plan assets in excess of projected benefits	$ 98,100	$ 75,600
Prior service cost	(700)	(1,600)
Transition obligation	700	1,000
Unrecognized net actuarial (gain) loss due to different experience than assumed	(14,900)	4,400
Prepaid pension cost	$ 83,200	$ 79,400

The components of net pension expense were as follows:

(In thousands) Years ended June 30,	1999	1998	1997
Service cost - benefits earned during the period	$ 23,400	$ 18,000	$ 15,500
Interest cost on projected benefits	16,400	14,500	11,800
Expected return on plan assets	(24,500)	(21,300)	(16,700)
Net amortization and deferral	(700)	(700)	(300)
	$ 14,600	$ 10,500	$ 10,300

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

Years ended June 30,	1999	1998	1997
Discount rate	7.50%	7.25%	7.75%
Expected long-term rate on assets	8.75%	8.5%	8.5%
Increase in compensation levels	6.0%	6.0%	6.0%

C. Retirement and Savings Plan. The Company has a 401(k) retirement and savings plan which allows eligible employees to contribute up to 16% of their compensation annually. The Company matches a portion of this contribution which amounted to approximately $26 million, $22 million and $19 million for calendar years 1998, 1997 and 1996, respectively.

Notes to Consolidated Financial Statements (continued)

Automatic Data Processing, Inc. and Subsidiaries

Note 9. Income Taxes

The Company accounts for its income taxes using the asset and liability approach. Deferred taxes reflect the tax consequences on future years of differences between the financial reporting and tax bases of assets and liabilities.

The provision for income taxes consists of the following components:

(In thousands) Years ended June 30,	1999	1998	1997
Current:			
Federal	$ 296,397	$ 198,932	$ 171,930
Non-U.S	66,440	41,209	37,090
State	48,058	45,334	37,942
Total current	410,895	285,475	246,962
Deferred:			
Federal	(6,045)	(4,145)	(30,192)
Non-U.S	(15,175)	3,115	4,360
State	(2,015)	(1,990)	(9,935)
Total deferred	(23,235)	(3,020)	(35,767)
	$ 387,660	$ 282,455	$ 211,195

At June 30, 1999 and 1998, the Company had gross deferred tax assets of approximately $168 million and $134 million, respectively, consisting primarily of operating expenses not currently deductible for tax return purposes. Valuation allowances approximated $23 million as of June 30, 1999 and 1998. Gross deferred tax liabilities approximated $277 million and $256 million, as of June 30, 1999 and June 30, 1998, respectively, consisting primarily of differences in the accounting and tax values of certain fixed and intangible assets.

Income tax payments were approximately $270 million in 1999, $247 million in 1998, and $201 million in 1997.

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

(In thousands, except percentages) Years ended June 30,	1999	%	1998	%	1997	%
Provision for taxes at statutory rate	$ 379,600	35.0	$ 311,800	35.0	$ 254,300	35.0
Increase (decrease) in provision from:						
Investments in municipals and preferred stock	(68,360)	(6.3)	(68,670)	(7.7)	(62,200)	(8.6)
State taxes, net of federal tax benefit	29,930	2.8	28,119	3.2	18,209	2.5
Other*	46,490	4.2	11,206	1.2	886	0.2
	$ 387,660	35.7	$ 282,455	31.7	$ 211,195	29.1

* Includes impact of certain acquisitions, dispositions and other non-recurring adjustments.

Note 10. Commitments and Contingencies

The Company and its subsidiaries have various facilities and equipment lease obligations. Total rental expense was approximately $202 million in 1999, $174 million in 1998 and $166 million in 1997, with minimum lease commitments under operating leases as follows:

(In millions)	
Years ending June 30,	
2000	$194
2001	143
2002	92
2003	57
2004	36
Thereafter	96
	$618

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.

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

Note 11. 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 recurring operating results before interest, income taxes and foreign currency gains and losses. Certain revenues and expenses are charged to business units at a standard rate for management and motivation reasons. Goodwill amortization is charged to business units at an accelerated rate to act as a surrogate for the cost of capital for acquisitions. Revenues on invested client funds are credited to Employer Services at a standard rate of 6%. Business unit assets exclude cash, marketable securities and goodwill. Other consists primarily of Claims Services, corporate expenses, non-recurring items and the above-mentioned reconciling items.

(In millions) Year ended June 30, 1999	Employer Services	Brokerage Services	Dealer Services	Other	Total
Revenues	$ 3,310	$ 1,154	$ 744	$ 332	$ 5,540
Pretax earnings	$ 673	$ 223	$ 109	$ 80	$ 1,085
Assets	$ 798	$ 412	$ 242	$ 4,373	$ 5,825
Capital expenditures	$ 92	$ 35	$ 25	$ 26	$ 178
Depreciation and amortization	$ 175	$ 73	$ 40	$ (15)	$ 273
Year ended June 30, 1998					
Revenues	$ 2,874	$ 1,100	$ 698	$ 254	$ 4,926
Pretax earnings	$ 569	$ 165	$ 96	$ 61	$ 891
Assets	$ 788	$ 400	$ 224	$ 3,831	$ 5,243
Capital expenditures	$ 108	$ 49	$ 24	$ 21	$ 202
Depreciation and amortization	$ 158	$ 80	$ 39	$ (29)	$ 248
Year ended June 30, 1997					
Revenues	$ 2,355	$ 892	$ 651	$ 295	$ 4,193
Pretax earnings	$ 498	$ 123	$ 110	$ (5)	$ 726
Assets	$ 716	$ 246	$ 207	$ 3,270	$ 4,439
Capital expenditures	$ 96	$ 40	$ 21	$ 21	$ 178
Depreciation and amortization	$ 136	$ 70	$ 36	$ (17)	$ 225

Notes to Consolidated Financial Statements (continued)

Automatic Data Processing, Inc. and Subsidiaries

Revenues and assets by geographic area are as follows:

(In millions)	United States	Europe	Canada	Other	Total
Year ended June 30, 1999					
Revenues	$4,564	$ 704	$ 212	$ 60	$5,540
Assets	$4,356	$1,216	$ 170	$ 83	$5,825
Year ended June 30, 1998					
Revenues	$4,172	$ 493	$ 194	$ 67	$4,926
Assets	$3,741	$1,248	$ 178	$ 76	$5,243
Year ended June 30, 1997					
Revenues	$3,549	$ 512	$ 127	$ 5	$4,193
Assets	$3,030	$1,315	$ 84	$ 10	$4,439

Note 12. Quarterly Financial Results

(Unaudited)

Summarized quarterly results of operations for the two years ended June 30, 1999 are as follows:

(In thousands, except per share amounts)

Year ended June 30, 1999 (a)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$1,245,126	$1,310,196	$1,514,132	$1,470,687
Net earnings	$ 125,424	$ 153,977	$ 225,650	$ 191,789
Basic earnings per share	$ .20	$ .25	$ .37	$ .31
Diluted earnings per share	$ .20	$ .24	$ .36	$ .30
Year ended June 30, 1998				
Revenues	$1,065,634	$1,182,762	$1,341,250	$1,336,310
Net earnings	$ 106,234	$ 146,167	$ 192,013	$ 163,848
Basic earnings per share	$ .18	$ .25	$ .32	$ .27
Diluted earnings per share	$ .17	$ .24	$ .31	$ .26

(a) After impact of non-recurring items. See note 3 to the consolidated financial statements.

Third quarter revenue and earnings have historically been positively impacted by calendar year-end processing associated with many of the Company's services.

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, independent certified public accountants, have 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.

The Board of Directors has an Audit Committee comprised of four outside directors. The Audit Committee meets with both Deloitte & Touche 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's audits. Deloitte & Touche and the internal auditors have free access to the Audit Committee.

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

/s/ Richard J. Haviland
Richard J. Haviland
Chief Financial Officer

/s/ Karen E. Dykstra
Karen E. Dykstra
Controller

Roseland, New Jersey
August 10, 1999

DIRECTORS AND CORPORATE OFFICERS

DIRECTORS

Henry Taub(3)
Honorary Chairman of the Board
Chairman, ADP Executive Committee

Josh S. Weston(3)
Honorary Chairman of the Board

Arthur F. Weinbach(3)
Chairman and Chief Executive Officer

Gary C. Butler
President and Chief Operating Officer

Joseph A. Califano, Jr.(1)
Chairman of the Board and President,
The National Center on Addiction and Substance
Abuse at Columbia University (CASA)

Leon G. Cooperman1
Chairman and Chief Executive Officer
of Omega Advisors, Inc.

George H. Heilmeier(2)
Chairman Emeritus of Bellcore

Ann Dibble Jordan(1)
Consultant
Member of various boards

Harvey M. Krueger(1),(3)
Vice Chairman of Lehman Brothers
Chairman, ADP Audit Committee

Frederic V. Malek(2),(3)
Chairman, Thayer Capital Partners
Chairman, ADP Compensation Committee

Laurence A. Tisch(2)
Co-Chairman of Loews Corporation

(1) Audit Committee
(2) Compensation Committee
(3) Executive Committee

CORPORATE OFFICERS

Arthur F. Weinbach
Chairman and Chief Executive Officer

Gary C. Butler
President and Chief Operating Officer

Group Presidents

Richard J. Daly
Russell P. Fradin
John P. Hogan
S. Michael Martone

Corporate Vice Presidents

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Albert J. Angelus
John D. Barfitt
James B. Benson
Richard C. Berke
Raymond L. Colotti
Renato Crocetti
J. Russ DeLoach
Richard A. Douville
G. Harry Durity
Karen E. Dykstra
Philippe A. Gluntz
Eugene A. Hall, Senior VP
Richard J. Haviland
Timothy D. Lamb
Raymond A. Marlinga
Gordon R. Mettam
Michael W. Reece
Michael P. Rooney
George I. Stoeckert
Dante F. Terzo
Thomas J. Tremba

Staff Vice Presidents

Brian E. Heiser
Terri J. LeCamp
Gary E. Tarino>

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Automatic Data Processing, Inc. and subsidiaries as of June 30, 1999 and 1998, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 1999. 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 generally accepted auditing standards. 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 at June 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1999, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

New York, New York
August 10, 1999

AUTOMATIC DATA PROCESSING, INC.

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CORPORATE COUNSEL
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AUDITORS
Deloitte & Touche LLP

ADDITIONAL INFORMATION
The Form 10-K Annual Report to the Securities and Exchange Commission provides certain additional information and is available upon request to James B. Benson, Secretary of the Company.

INTERNET HOME PAGE
To obtain financial, product and other information, visit ADP's registered home page address:
HTTP://WWW.ADP.COM

ANNUAL MEETING
This year's shareholders' meeting will be held at Automatic Data Processing, Inc., One ADP Boulevard, Roseland, New Jersey, on November 9, 1999 at 10:00 a.m. A notice of the meeting, proxy statement, and proxy voting card will be mailed to shareholders starting on or about September 21, 1999.

ADP ASSOCIATES PHOTOGRAPHED IN THIS REPORT

INSIDE FRONT COVER
(left to right):
Gail Wright, Claims Services; Glen Schreitmueller, Brokerage Services; Francis Fung, Employer Services; Debbie Keller, Dealer Services; David Keller, Dealer Services; Adrienne Cesta, Employer Services

EMPLOYER SERVICES
(in order of appearance):
Jin Chong, Brenda Cornwell Thomas, Joe Iavaroni, Jean Perrone

BROKERAGE SERVICES
(top row, left to right):
Carol Rose, Chris Thompson, Louise Rayner, Kyle Perkins, Meherun Choudhury, Edward Casazza

(bottom row, left to right):
Hugh Sun, Pattie Ruggiero, Arnold Gibbs, Michele Krzemienski, Steve Beesley, Marilyn Dietzmann

Inside: Tom Bickerton

DEALER SERVICES
(in order of appearance):
Clif Mason, Magda Van Vaerenbergh, Martha Manting, Nidal Hosien

CLAIMS SERVICES
(in order of appearance):
Celeste Moore, Rolf Rast, Myrna Eng, Yasser Said, John Waldek (Corporate), Scott Ades (Corporate), Portia Cannon Dunmore, Greg Thompson

50TH YEAR TIMELINE
Henry Taub, Frank Lautenberg, Josh Weston, Art Weinbach, Marianne Brown, John Barfitt, Karen Dykstra, Gary Butler

1999 ADP ANNUAL REPORT CREDIT ATTRIBUTIONS

DESIGN:
Beau Gardner Associates, New York
Beau Gardner, Christine Zamora

PHOTOGRAPHY:
George Lange, Norman Jean Roy

WRITING CONSULTANT:
Edward J. Kanarkowski

ADP CREATIVE TEAM:
Emmanuelle Bugeant, Robert Caruba, Arlene Driscoll, Pamela Glynn, John Gray, Lynn Horowitz, John Maxwell, Theresa Roberts, Joel Shuflin, Todd Sprague, Linda Strauss

[LOGO]THIS REPORT WAS PRINTED ON RECYCLED PAPER.

Name of Subsidiary	Jurisdiction of Incorporation
ADP Atlantic, Inc.	Delaware
ADP Broker-Dealer, Inc.	New Jersey
ADP Central, Inc.	Delaware
ADP Claims Solutions Group, Inc.	Delaware
ADP Credit Corp.	Delaware
ADP Dealer Services Ltd.	Canada (Federal)
ADP Dealer Services Italia SpA	Italy
ADP Deutschland Autonom Computer AG	Germany
ADP do Brasil Representacoes Ltda.	Brazil
ADP East, Inc.	Delaware
ADP Europe S.A.	France
ADP Financial Information Services, Inc.	Delaware
ADP Hollander, Inc.	Delaware
ADP, Inc.	Delaware
ADP Insurance Company, Ltd.	Delaware
ADP Integrated Medical Solutions, Inc.	Delaware
ADP Nederland B.V.	The Netherlands
ADP Network Services International, Inc.	Delaware
ADP of North America, Inc.	Delaware
ADP of Roseland, Inc.	Delaware
ADP Pacific, Inc.	Delaware
ADP Savings Association	Pennsylvania
ADP Systems Empresa de Computacao Ltda.	Brazil
ADP Tax Services, Inc.	Delaware
ADP Taylorix Gmbh	Germany
Audatex Holding Gmbh	Switzerland
Audatex Deutchland Datenverarbeitungs Gmbh	Germany
Automatic Data Processing Limited	United Kingdom
Canadian Automatic Data Processing Services Ltd.	Canada (Federal)
Health Benefits America	Utah
Securities Industry Software Corporation	Colorado
Wilco International Limited	United Kingdom
The Vincam Group, Inc.	Florida

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, 1999.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Automatic Data Processing, Inc.'s 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 and 333-72497 on Form S-3, Registration Statement No. 333-72023 on Form S-4, and Registration Statements 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 and 333-74265 on Form S-8 of our reports dated August 10, 1999, included in or incorporated by reference in this Annual Report on Form 10-K of Automatic Data Processing, Inc. for the year ended June 30, 1999.

/s/ Deloitte & Touche LLP
New York, New York
September 21, 1999

ARTICLE 5

PERIOD TYPE	12 MOS
FISCAL YEAR END	JUN 30 1999
PERIOD START	JUL 01 1998
PERIOD END	JUN 30 1999
CASH	861,280
SECURITIES	1,307,760
RECEIVABLES	907,193
ALLOWANCES	46,357
INVENTORY	45,124
CURRENT ASSETS	2,194,257
PP&E	1,400,808
DEPRECIATION	821,514
TOTAL ASSETS	5,824,820
CURRENT LIABILITIES	1,286,393
BONDS	145,765
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	62,858
OTHER SE	3,945,083
TOTAL LIABILITY AND EQUITY	5,824,820
SALES	0
TOTAL REVENUES	5,540,141
CGS	0
TOTAL COSTS	4,419,000
OTHER EXPENSES	0
LOSS PROVISION	17,551
INTEREST EXPENSE	19,090
INCOME PRETAX	1,084,500
INCOME TAX	387,660
INCOME CONTINUING	696,840
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	696,840
EPS BASIC	1.13
EPS DILUTED	1.10

End of Filing