

AUTOMATIC DATA PROCESSING INC  
Form 10-Q  
November 02, 2012

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_

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 (IRS Employer Identification No.)
One ADP Boulevard, Roseland, New Jersey (Address of principal executive offices)	07068 (Zip Code)

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

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 such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant’s common stock as of October 29, 2012 was 485,473,927.

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## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

Automatic Data Processing, Inc. and Subsidiaries

Statements of Consolidated Earnings

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		
	2012	2011	
<b>REVENUES:</b>			
Revenues, other than interest on funds held for clients and PEO revenues	\$2,081.8	\$1,991.1	
Interest on funds held for clients	106.8	121.9	
PEO revenues (A)	448.9	397.9	
<b>TOTAL REVENUES</b>	<b>2,637.5</b>	<b>2,510.9</b>	
<b>EXPENSES:</b>			
Costs of revenues:			
Operating expenses	1,367.5	1,289.7	
Systems development and programming costs	156.3	147.9	
Depreciation and amortization	62.7	62.8	
<b>TOTAL COSTS OF REVENUES</b>	<b>1,586.5</b>	<b>1,500.4</b>	
Selling, general and administrative expenses	611.4	586.9	
Interest expense	3.1	2.1	
<b>TOTAL EXPENSES</b>	<b>2,201.0</b>	<b>2,089.4</b>	
Other income, net	(29.1	) (34.2	)
<b>EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>465.6</b>	<b>455.7</b>	
Provision for income taxes	163.1	155.3	
<b>NET EARNINGS FROM CONTINUING OPERATIONS</b>	<b>\$302.5</b>	<b>\$300.4</b>	
Earnings from discontinued operations, net of provision for income taxes of \$1.7 and \$1.3 for the three months ended September 30, 2012 and 2011, respectively	\$2.8	\$2.3	
<b>NET EARNINGS</b>	<b>\$305.3</b>	<b>\$302.7</b>	
Basic Earnings Per Share from Continuing Operations	\$0.63	\$0.62	
Basic Earnings Per Share from Discontinued Operations	0.01	—	
<b>BASIC EARNINGS PER SHARE</b>	<b>\$0.63</b>	<b>\$0.62</b>	
Diluted Earnings Per Share from Continuing Operations	\$0.62	\$0.61	
Diluted Earnings Per Share from Discontinued Operations	0.01	—	
<b>DILUTED EARNINGS PER SHARE</b>	<b>\$0.63</b>	<b>\$0.61</b>	
Basic weighted average shares outstanding	483.5	487.9	
Diluted weighted average shares outstanding	488.4	493.3	

Dividends declared per common share	\$0.3950	\$0.3600
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(A) Professional Employer Organization (“PEO”) revenues are net of direct pass-through costs, primarily consisting of payroll wages and payroll taxes, of \$4,525.8 and \$3,935.3 for the three months ended September 30, 2012 and 2011, respectively.

See notes to the consolidated financial statements.

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Automatic Data Processing, Inc. and Subsidiaries  
 Statements of Consolidated Comprehensive Income  
 (In millions, except per share amounts)  
 (Unaudited)

	Three Months Ended September 30,	
	2012	2011
Net earnings	\$305.3	\$302.7
Other comprehensive income:		
Currency translation adjustments	52.5	(75.3 )
Unrealized gains (losses) on available-for-sale securities	100.0	174.5
Tax effect	(35.0 )	(59.5 )
Reclassification of (gains) losses on available-for-sale securities to net earnings	(4.5 )	(4.0 )
Tax effect	1.2	1.3
Reclassification of pension liability adjustment to net earnings	7.9	4.0
Tax effect	(2.9 )	(1.6 )
Other comprehensive income (loss), net of tax	119.2	39.4
Comprehensive income	\$424.5	\$342.1