

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2009

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)	NASDAQ Global Select Market Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) 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.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Automatic Data Processing, Inc.
Roseland, New Jersey

We have audited the accompanying consolidated balance sheets of Automatic Data Processing, Inc. and subsidiaries (the "Company") as of June 30, 2009 and 2008, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2009. Our audits also included the consolidated financial statement schedule listed in the Index at Item 15(a) 2. These consolidated financial statements and consolidated financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and consolidated financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Automatic Data Processing, Inc. and subsidiaries as of June 30, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the consolidated 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.

As discussed in Notes 1 and 15 to the consolidated financial statements, the company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109," effective July 1, 2007. As discussed in Note 14 to the consolidated financial statements, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)," effective June 30, 2007.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2009, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 28, 2009, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
August 28, 2009

NOTE 14. EMPLOYEE BENEFIT PLANS

A. Stock Plans. The Company accounts for stock-based compensation in accordance with SFAS No. 123R, “Share-Based Payment” (“SFAS No. 123R”), which requires the measurement of stock-based compensation expense to be recognized in net earnings based on the fair value of the award on the date of grant. Stock-based compensation consists of the following:

- **Stock Options.** Stock options are granted to employees at exercise prices equal to the fair market value of the Company’s common stock on the dates of grant. Stock options are issued under a grade vesting schedule. Options granted prior to July 1, 2008 generally vest ratably over five years and have a term of 10 years. Options granted after July 1, 2008 generally vest ratably over four years and have a term of 10 years. Compensation expense for stock options is recognized over the requisite service period for each separately vesting portion of the stock option award.
- **Employee Stock Purchase Plan.** Prior to January 1, 2009, the Company offered an employee stock purchase plan that allowed eligible employees to purchase shares of common stock at a price equal to 85% of the market value for the common stock at the date the purchase price for the offering is determined. Compensation expense related to an offering that has not been completed will continue to be recognized on a straight-line basis over the vesting period of 24 months that concludes on December 31, 2009.
- **Restricted Stock.**
 - **Time-Based Restricted Stock.** The Company has issued time-based restricted stock to certain key employees. These shares are restricted as to transfer and in certain circumstances must be returned to the Company at the original purchase price. The Company records stock compensation expense relating to the issuance of restricted stock over the period in which the transfer restrictions exist, which is up to five years from the date of grant. The value of the Company’s time-based restricted stock, based on market prices on the date of grant, is recognized as compensation expense over the restriction period on a straight-line basis.
 - **Performance-Based Restricted Stock.** The performance-based restricted stock program contains a two-year performance period and a subsequent six-month service period. Under this program, the Company communicates “target awards” to employees at the beginning of a performance period and, as such, dividends are not paid in respect of the “target awards” during the performance period. After the two-year performance period, if the performance targets are achieved, associates are eligible to receive dividends on any shares awarded under the program. The performance target is based on EPS growth over the performance period with possible payouts ranging from 0% to 125% of the “target awards”. SFAS No. 123R requires the measurement of stock-based compensation based upon the fair value of the award on the grant date. Compensation expense is recognized on a straight-line basis over the vesting term of approximately 30 months based upon the probable performance target that will be met.

The Company currently utilizes treasury stock to satisfy stock option exercises, issuances under its employee stock purchase plan and restricted stock awards. Stock-based compensation expense of \$96.0 million, \$123.6 million and \$130.5 million was recognized in earnings from continuing operations in fiscal 2009, 2008 and 2007, respectively, as well as related tax benefits on such stock compensation expense of \$27.6 million, \$37.0 million and \$38.9 million, respectively.

Years ended June 30,	2009	2008	2007
Operating expenses	\$ 20.6	\$ 25.4	\$ 23.3
Selling, general and administrative expenses	60.4	76.7	84.7
System development and programming costs	15.0	21.5	22.5
Total pretax stock-based compensation expense included in continuing operations	\$ 96.0	\$ 123.6	\$ 130.5
Total pretax stock-based compensation expense included in			

discontinued operations	-	-	18.2
Total pretax stock-based compensation expense	<u>\$ 96.0</u>	<u>\$ 123.6</u>	<u>\$ 148.7</u>

As of June 30, 2009, the total remaining unrecognized compensation cost related to non-vested stock options, the employee stock purchase plan and restricted stock awards amounted to \$24.8 million, \$7.7 million and \$39.2 million, respectively, which will be amortized over the weighted average periods of 1.7 years, 0.5 years and 2.3 years, respectively.

In fiscal 2009, the following activity occurred under our existing plans:

Stock Options:

Years ended June 30,	Number of Options (in thousands)			Weighted Average Price (in dollars)		
	2009	2008	2007	2009	2008	2007
Options outstanding, beginning of year	49,127	53,786	73,189	\$ 41	\$ 40	\$ 49
Options granted	1,390	2,047	3,449	\$ 39	\$ 41	\$ 43
Options exercised	(2,502)	(5,068)	(11,740)	\$ 36	\$ 34	\$ 34
Options canceled (a)	(2,695)	(1,638)	(11,112)	\$ 41	\$ 43	\$ 41
Options outstanding, end of year	<u>45,320</u>	<u>49,127</u>	<u>53,786</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 40</u>
Options exercisable, end of year	<u>37,318</u>	<u>36,653</u>	<u>35,529</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 40</u>
Shares available for future grants, end of year	<u>24,104</u>	<u>22,799</u>	<u>23,208</u>			
Shares reserved for issuance under stock option plans, end of year	<u>69,424</u>	<u>71,926</u>	<u>76,994</u>			

(a) Options cancelled for the year ended June 30, 2007 includes 7.8 million options held by Brokerage Services Group business employees that were canceled or forfeited on March 30, 2007.

Performance-Based Restricted Stock:

Years ended June 30,	Number of Shares (in thousands)		
	2009	2008	2007
Shares outstanding, beginning of year	2,928	1,711	238
Shares granted	1,850	1,487	2,021
Shares vested	(1,988)	(122)	(79)
Shares forfeited (a)	<u>(158)</u>	<u>(148)</u>	<u>(469)</u>

Shares outstanding, end of year	<u>2,632</u>	<u>2,928</u>	<u>1,711</u>
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(a) Shares forfeited for the year ended June 30, 2007 includes 431,200 shares held by Brokerage Services Group business employees that were forfeited on March 30, 2007.

The aggregate intrinsic value of stock options both outstanding and exercisable as of June 30, 2009 was \$14.7 million and the aggregate intrinsic value for stock options exercised in fiscal 2009 was \$19.7 million.

Summarized information about stock options outstanding as of June 30, 2009 is as follows:

Exercise Price Range	Outstanding			Exercisable		
	Number of Options (in thousands)	Remaining Life (in years)	Weighted Average Price (in dollars)	Number of Options (in thousands)	Remaining Life (in years)	Weighted Average Price (in dollars)
Under \$15	-	-	\$ -	-	-	\$ -
\$15 to \$25	1	0.4	\$ 21	1	0.4	\$ 21
\$25 to \$35	3,674	3.6	\$ 31	3,630	3.6	\$ 31
\$35 to \$45	33,065	5.0	\$ 40	25,638	4.3	\$ 40
\$45 to \$55	8,580	2.1	\$ 50	8,049	1.7	\$ 50
	<u>45,320</u>	4.3	\$ 41	<u>37,318</u>	3.7	\$ 41

In fiscal 2009, the Company issued 1.5 million shares in connection with the employee stock purchase plan offering that vested on December 31, 2008. The Company expects to issue approximately 1.8 million shares for the employee stock purchase plan offering that vests on December 31, 2009. In addition, in fiscal 2009, the Company issued 2.2 million shares of restricted stock.

The fair value of each stock option issued prior to January 1, 2005 was estimated on the date of grant using a Black-Scholes option pricing model. For stock options issued on or after January 1, 2005, the fair value of each stock option was estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company's stock price and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grant is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

The fair value for stock options granted was estimated at the date of grant with the following assumptions:

Years ended June 30,	2009	2008	2007
Risk-free interest rate	1.8% - 3.1%	2.8% - 4.6%	4.6% - 5.0%
Dividend yield	2.6% - 3.5%	1.7% - 2.7%	1.6% - 1.7%
Weighted average volatility factor	25.3% - 31.3%	22.8% - 25.6%	18.4% - 24.7%
Weighted average expected life (in years)	5.0	5.0	4.9 - 5.6
Weighted average fair value (in dollars):			
Stock options	\$ 7.54	\$ 8.31	\$ 10.77
Stock purchase plan	\$ -	\$ 11.99	\$ 11.24
Performance-based restricted stock	\$ 39.04	\$ 44.61	\$ 40.99