

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report: September 20, 2001  
(Date of earliest event reported)

PAYCHEX, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE (State of incorporation)	0-11330 (Commission File Number)	16-1124166 (IRS Employer Identification Number)
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911 PANORAMA TRAIL SOUTH, ROCHESTER, NEW YORK 14625-0397  
(Address of principal executive offices) (Zip Code)

(716)385-6666  
(Registrant's telephone number, including area code)

ITEM 9. REGULATION FD DISCLOSURE

The registrant's press release dated September 20, 2001 is attached. This release announces the Company's results of operations for the first quarter ended August 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAYCHEX, INC.

Date: September 20, 2001 /s/ B. Thomas Golisano  
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B. Thomas Golisano  
Chairman, President and  
Chief Executive Officer

Date: September 20, 2001 /s/ John M. Morphy  
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John M. Morphy  
Vice President, Chief  
Financial Officer and  
Secretary

FOR IMMEDIATE RELEASE

John M. Morphy, Chief Financial Officer or Jan Shuler 716-383-3406

Access the Webcast of the Paychex, Inc. First Quarter Earnings Release Conference Call scheduled for September 20, 2001 at 11:00 a.m. Eastern Standard Time at <http://www.paychex.com> at the Investor Relations page.

Paychex, Inc. news releases, current financial information, related SEC filings and Investor Relations presentation are accessible at the same Web site.

PAYCHEX, INC. REPORTS RECORD FIRST QUARTER RESULTS

ROCHESTER, NY, September 20, 2001 -- Paychex, Inc. (NASDAQ: PAYX) today announced record net income of \$70.2 million, or \$.19 diluted earnings per share, for the quarter ended August 31, 2001, a 20% increase over net income of \$58.6 million, or \$.16 diluted earnings per share, for the same period last year. Total revenues were \$234.8 million, a 15% increase over \$203.9 million for the first quarter last year.

SERVICE REVENUES

For the quarter ended August 31, 2001, service revenues were \$216.2 million, an increase of 16% over \$186.5 million for the prior year quarter.

Payroll service revenue increased 15% to \$189.4 million from \$164.5 million for the prior year first quarter. The increase in Payroll service revenue reflects growth in the client base, increased utilization of ancillary services and price increases. As of August 31, 2001, 83% of Paychex clients utilized Taxpay (Registered Trademark), the Company's tax filing and payment feature. The Company's Employee Pay Services, which includes Direct Deposit, Readychex (Service Mark) and Access Card products, was utilized by 54% of its clients.

Human Resource and Benefits service revenue was \$26.7 million, an increase of 22% over \$21.9 million for the first quarter last year. This increase is related primarily to increases in clients for 401(k) Recordkeeping, Workers' Compensation Insurance, and Section 125 services and in client employees served by the Company's comprehensive PAS (Paychex Administrative Services) and PEO (Professional Employer Organization) bundled services. 401(k) Recordkeeping revenue increased 26% to \$12.3 million for the first quarter from \$9.8 million in the same period last year.

#### INTEREST ON FUNDS HELD FOR CLIENTS

For the quarter ended August 31, 2001, interest on funds held for clients was \$18.6 million, a 7% increase from \$17.4 million for the first quarter last year. The increase in interest on funds held for clients is the result of net realized gains on the sale of available-for-sale securities and higher average portfolio balances, offset by the impact of lower interest rates in the first quarter of fiscal 2002. Net realized gains included in interest on funds held for clients were \$3.2 million for the first quarter compared with net realized losses of \$.1 million in the prior year first quarter.

#### OPERATING INCOME

For the quarter ended August 31, 2001, operating income was \$93.8 million, a 19% increase over \$78.8 million for the first quarter last year. Operating margin for the first quarter of fiscal 2002 was 40% compared with 39% for the first quarter of fiscal 2001.

Operating costs for the quarter increased 17% and selling, general and administrative costs increased 10% when compared with the prior year quarter. Combined operating and selling, general and administrative expenses increased 13% in the first quarter over the prior year period. These increases reflect increases in personnel, information technology and facility costs necessary to support the growth of the Company.

#### INVESTMENT INCOME

Investment income for the quarter ended August 31, 2001 increased 36% to \$7.5 million from \$5.5 million in the first quarter of last year. The increase is due to net realized gains on the sale of available-for-sale securities and higher average daily invested balances generated from increases in overall cash flows, offset by the impact of lower interest rates in the first quarter of fiscal 2002. Net realized gains included in investment income were \$1.0 million for the first quarter compared with net realized losses of \$.1 million in the prior year first quarter.

#### INCOME TAXES

The income tax rate for the quarter ended August 31, 2001 was 30.7% compared to 30.5% for the same period last year.

B. Thomas Golisano, Chairman, President and Chief Executive Officer of Paychex, said, "We were pleased with our financial results for the first quarter of fiscal 2002 in light of current economic conditions. A slowing United States economy and further interest rate reductions have caused us to adjust our expected total revenue growth for the current year to a range of 13% to 15%. We still expect to generate record revenues and net income in the current year as we continue to focus on increasing our client base and utilization of ancillary services and leveraging our infrastructure."

#### "SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain written and oral statements made by Paychex, Inc., (the "Company") management may constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are identified by such words and phrases as "we expect," "expected to," "estimates," "we look forward to," "would equate to," "projects," "projected to be," "anticipates," "we believe," "could be" and other similar phrases. Because they are forward-looking, they should be evaluated in light of important risk factors. These risk factors include, but are not limited to, general market and economic conditions, including demand for the Company's products and services, availability of internal and external resources, executing expansion plans, competition, and price levels; changes in the laws regulating collection and

payment of payroll taxes, professional employer organizations, and employee benefits, including 401(k) plans, workers' compensation, state unemployment, and section 125 plans; delays in the development, timing of the introduction, and marketing of new products and services; changes in technology, including use of the Internet; the possibility of catastrophic events that could impact the Company's operating facilities, computer technology, and communication systems; stock market volatility; and changes in short- and long-term interest rates, changes in market value of available-for-sale securities, and the credit rating of cash, cash equivalents, and securities held in the Company's investment portfolios, all of which could cause actual results to differ materially from anticipated results. The information provided in this document is based upon the facts and circumstances known at this time. The Company assumes no obligation to update this document for new information subsequent to its issuance.

<TABLE>

PAYCHEX, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)

<CAPTION>

	For the three months ended	
	August 31, 2001	August 31, 2000
<S>	<C>	<C>
Revenues:		
Service revenues	\$216,176	\$186,470
Interest on funds held for clients	18,638	17,413
Total revenues	234,814	203,883
Operating costs	53,756	45,927
Selling, general and administrative expenses	87,296	79,130
Operating income	93,762	78,826
Investment income	7,527	5,534
Income before income taxes	101,289	84,360
Income taxes	31,096	25,730
Net income	\$ 70,193	\$ 58,630
Basic earnings per share	\$ .19	\$ .16
Diluted earnings per share	\$ .19	\$ .16
Weighted-average common shares outstanding	373,978	372,015
Weighted-average shares assuming dilution	377,747	377,165
Cash dividends per common share	\$ .09	\$ .06

<FN>

- (A) Certain amounts for the three-month period ended August 31, 2000 have been reclassified to conform to the current year presentation. In addition, the Company has changed its segment reporting from two segments to one segment in fiscal 2002.
- (B) Further information on interest on funds held for clients and investment income can be found in the Company's SEC filings under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and subheadings "Results of Operations" and "Market Risk Factors." These SEC filings are accessible at the Company's Web site.

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PAYCHEX, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

<CAPTION>

August 31,                      May 31,

	2001	2001
<S>	<C>	<C>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 59,325	\$ 45,784
Corporate investments	593,649	568,217
Interest receivable	23,276	28,281
Accounts receivable	112,682	100,640
Prepaid expenses and other current assets	8,227	7,306
Current assets before funds held for clients	797,159	750,228
Funds held for clients	1,879,740	2,041,045
Total current assets	2,676,899	2,791,273
Property and equipment - net	96,699	96,078
Intangible assets - net	9,476	9,612
Deferred income taxes	266	1,361
Other assets	8,909	8,872
Total assets	\$2,792,249	\$2,907,196
<b>LIABILITIES</b>		
Accounts payable	\$ 13,136	\$ 16,377
Accrued compensation and related items	33,087	57,418
Deferred revenue	3,239	4,421
Accrued income taxes	22,877	9,783
Deferred income taxes	12,993	4,996
Other current liabilities	20,920	19,282
Current liabilities before client fund deposits	106,252	112,277
Client fund deposits	1,864,581	2,031,565
Total current liabilities	1,970,833	2,143,842
Long-term liabilities	5,682	5,512
Total liabilities	1,976,515	2,149,354
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.01 par value, 600,000 authorized shares		
Issued: 374,300 at August 31, 2001 and 373,647 at May 31, 2001	3,743	3,736
Additional paid-in capital	153,982	139,897
Retained earnings	637,656	601,142
Accumulated other comprehensive income	20,353	13,067
Total stockholders' equity	815,734	757,842
Total liabilities and stockholders' equity	\$2,792,249	\$2,907,196

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