

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**Date of Report: December 19, 2012
(Date of earliest event reported)**

PAYCHEX, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
**(State or other jurisdiction
of incorporation)**

0-11330
**(Commission
File Number)**

16-1124166
**(IRS Employer
Identification Number)**

**911 PANORAMA TRAIL SOUTH,
ROCHESTER, NEW YORK**
(Address of principal executive offices)

14625-2396
(Zip Code)

(585) 385-6666
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Paychex, Inc.'s press release dated December 19, 2012, which reports its financial results for the three and six months ended November 30, 2012, is furnished as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The following exhibit relating to Item 2.02 of this Current Report on Form 8-K is furnished herewith:

Exhibit 99.1 Press Release of Paychex, Inc. dated December 19, 2012.

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: December 19, 2012

/s/ Martin Mucci

Martin Mucci

President and Chief Executive Officer

Date: December 19, 2012

/s/ Efrain Rivera

Efrain Rivera

Senior Vice President, Chief Financial Officer, and
Treasurer

News from Paychex

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PAYCHEX, INC. REPORTS SECOND QUARTER RESULTS

December 19, 2012

SECOND QUARTER FISCAL 2013 HIGHLIGHTS

- Total service revenue increased 5% to \$559.4 million.
- Payroll service revenue increased 1% to \$377.0 million.
- Human Resource Services revenue increased 12% to \$182.4 million.
- Operating income increased 6% to \$230.0 million and operating income, net of certain items, also increased 6% to \$220.0 million.
- Net income and diluted earnings per share increased 5% to \$147.9 million and \$0.41 per share, respectively.

ROCHESTER, NY, December 19, 2012 — Paychex, Inc. (“Paychex,” “we,” “our,” or “us”) (NASDAQ:PAYX) today announced total service revenue of \$559.4 million for the three months ended November 30, 2012 (the “second quarter”), an increase of 5% from \$535.0 million for the same period last year. Net income and diluted earnings per share both increased 5% to \$147.9 million and \$0.41 per share, respectively.

Martin Mucci, President and Chief Executive Officer, commented, “We made solid progress in the second quarter. While payroll services revenue grew modestly at 1.4%, impacted by client disruptions from Hurricane Sandy, Human Resource Services revenue grew at a double-digit rate as we continue to experience success in selling value-added solutions to our clients. Checks per payroll increased 1.2% for the quarter over the previous year. We are seeing good results from our selling efforts in the small-business market and are well-positioned for our peak selling season. In addition, our client retention levels remain near historic high rates generated by our employees’ commitment to client satisfaction. During the quarter, we introduced our industry-leading online client report center and acquired ExpenseWire, an online expense management solution for our mid-market clients.”

Payroll service revenue increased 1% to \$377.0 million for the second quarter compared to the same period last year. Checks per payroll increased 1.2% for the second quarter compared to 1.8% for the same period last year. Revenue per check grew modestly, as a result of price increases, partially offset by discounting. Growth in payroll service revenue was tempered by lost revenue from Hurricane Sandy, approximating 0.5% of payroll revenue growth, and the impact of client mix in the mid-market.

Human Resource Services (“HRS”) revenue increased 12% to \$182.4 million for the second quarter compared to the same period last year. The following factors contributed to this growth:

- Retirement services revenue was positively impacted by client growth and an increase in the average asset value of retirement services client employees’ funds, offset partially by the impact from a shift in the mix of assets within these funds to investments that earn lower fees from external fund managers.
- Paychex HR Solutions revenue was positively impacted by price increases and growth in both clients and client employees. The rate of growth for Paychex HR Solutions revenue was tempered by fewer client employees within our professional employer organization, compared to the same period last year.
- Insurance services revenue continues to benefit from the growth in health and benefits services applicants and increases in both clients and premiums in workers’ compensation insurance services.

Total expenses increased 4% to \$339.4 million for the second quarter compared to the same period last year. We continued to invest in product development and supporting technology, with those expenses growing at a faster rate than total expenses during the second quarter. This was offset by increased productivity within operations, which has allowed us to maintain solid operating margins.

For the second quarter, our operating income was \$230.0 million, an increase of 6% from the same period last year. Operating income, net of certain items, (see Note 1 on page 3 for further description of this Non-GAAP financial measure) also increased 6% to \$220.0 million for the second quarter compared to \$207.2 million for the same period last year.

\$ in millions	For the three months ended November 30,			For the six months ended November 30,		
	2012	2011	Change	2012	2011	Change
Operating income	\$ 230.0	\$ 217.9	6 %	\$ 468.0	\$ 447.6	5 %
Excluding interest on funds held for clients	(10.0)	(10.7)	(8)%	(20.1)	(21.8)	(8)%
Operating income, net of certain items	\$ 220.0	\$ 207.2	6 %	\$ 447.9	\$ 425.8	5 %
Operating income, net of certain items, as a percent of total service revenue	39.3%	38.7%		39.7%	39.2%	

Interest on funds held for clients decreased 8% to \$10.0 million for the second quarter, compared to the same period last year. This was due to lower average interest rates earned, offset by a 4% increase in average investment balances. The increase in average investment balances was related to growth in checks per payroll and payroll tax administration services clients, wage inflation, and calendar impacts. The decrease in average interest rates earned resulted from declines in average yields on high credit quality financial securities. Also, the lower rate of return reflected the mix in the short-term investment portfolio, with a greater percentage of the portfolio invested in tax-exempt securities. Tax-exempt securities typically earn a lower pre-tax rate of return, but are expected to generate lower income tax expense on interest earned. Investment income, net, increased 22% to \$1.9 million for the second quarter, primarily as a result of higher average investment balances from investment of cash generated from operations.

Average investment balances and interest rates are summarized below:

\$ in millions	For the three months ended November 30,			For the six months ended November 30,		
	2012	2011	Change	2012	2011	Change
Average investment balances:						
Funds held for clients	\$ 3,231.2	\$ 3,107.1	4%	\$ 3,266.6	\$ 3,182.8	3%
Corporate investments	\$ 773.9	\$ 645.8	20%	\$ 770.1	\$ 646.3	19%
Average interest rates earned (exclusive of net realized gains):						
Funds held for clients	1.2%	1.4%		1.2%	1.4%	
Corporate investments	1.0%	0.9%		1.0%	0.9%	
Total net realized gains	\$ 0.1	\$ 0.1		\$ 0.3	\$ 0.2	

Our investment strategy focuses on protecting principal and optimizing liquidity. Yields on high quality instruments remain low, negatively impacting our income earned on funds held for clients and corporate investments. A substantial portion of our portfolio is invested in high credit quality securities with AAA and AA ratings, and with A-1/P-1 ratings on short-term securities.

The available-for-sale securities within the funds held for clients and corporate investment portfolios reflected a net unrealized gain of \$62.9 million as of November 30, 2012, compared with a net unrealized gain of \$59.5 million as of May 31, 2012. During the first six months, the net unrealized gain on our investment portfolio ranged from \$53.8 million to \$64.1 million. The net unrealized gain on our investment portfolios was approximately \$54.4 million as of December 14, 2012.

YEAR-TO-DATE FISCAL 2013 HIGHLIGHTS

The highlights for the six months ended November 30, 2012 are as follows:

- Payroll service revenue increased 1% to \$762.9 million, with checks per payroll increasing 1.6% compared to the same period last year.
- HRS revenue increased 10% to \$364.6 million.
- Total service revenue increased 4% to \$1.1 billion.
- Total revenue increased 3% to \$1.1 billion.
- Combined interest on funds held for clients and investment income, net, decreased \$0.9 million, or 4%.
- Operating income increased 5% to \$468.0 million, and operating income, net of certain items, also increased 5% to \$447.9 million.
- Net income and diluted earnings per share both increased 4% to \$301.0 million and \$0.83 per share, respectively.
- Cash flow from operations was \$326.0 million.

OUTLOOK

Our outlook for the fiscal year ending May 31, 2013 (“fiscal 2013”) is based upon current market, economic, and interest rate conditions continuing with no significant changes. Our expected full year fiscal 2013 payroll revenue growth rate is based upon anticipated client base growth, offset by an expected lower rate of growth in checks per payroll, and modest increases in revenue per check. HRS revenue growth is expected to remain in line with our historical organic experience. Prior acquisitions are expected to have minimal impact on projected revenue growth rates for fiscal 2013.

Our revised guidance is as follows:

	Low		High
Payroll service revenue	2 %	—	3 %
HRS revenue	9 %	—	11 %
Total service revenue	5 %	—	6 %
Interest on funds held for clients	(8)%	—	(6)%
Investment income, net	— %	—	5 %
Net income	5 %	—	7 %

Operating income, net of certain items, as a percent of total service revenue is expected to be approximately 37% for fiscal 2013. The effective income tax rate for fiscal 2013 is expected to approximate the tax rate for the first six months.

Interest on funds held for clients and investment income for fiscal 2013 are expected to continue to be impacted by changes in the interest rate environment. Our rate of return will be impacted by an anticipated change in mix in our short-term portfolio to a greater percentage of tax-exempt securities. Tax-exempt securities typically earn a lower rate of return, but are expected to lower income tax expense on interest earned. Investment income growth reflects the impact of anticipated lower average investment balances in the second half of the fiscal year.

Note 1: In addition to reporting operating income, a United States (“U.S.”) generally accepted accounting principle (“GAAP”) measure, we present operating income, net of certain items, which is a non-GAAP measure. We believe operating income, net of certain items, is an appropriate additional measure, as it is an indicator of our core business operations performance period over period. It is also the basis of the measure used internally for establishing the following year’s targets and measuring management’s performance in connection with certain performance-based compensation payments and awards. Operating income, net of certain items, excludes interest on funds held for clients. Interest on funds held for clients is an adjustment to operating income due to the volatility of interest rates, which are not within the control of management. Operating income, net of certain items, is not calculated through the application of GAAP and is not the required form of disclosure by the Securities and Exchange Commission (“SEC”). As such, it should not be considered as a substitute for the GAAP measure of operating income and, therefore, should not be used in isolation, but in conjunction with, the GAAP measure. The use of any non-GAAP measure may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

QUARTERLY REPORT ON FORM 10-Q

Our Quarterly Report on Form 10-Q ("Form 10-Q") is normally filed by the close of business on the same day as this press release is issued, and is available at www.paychex.com. This press release should be read in conjunction with the Form 10-Q and the related Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in that Form 10-Q.

CONFERENCE CALL

Interested parties may access the webcast of our Earnings Release Conference Call, scheduled for December 20, 2012 at 10:30 a.m. Eastern Time, at <http://investor.paychex.com/webcasts>. The webcast will also be archived for approximately one month. Our news releases, current financial information, SEC filings, and investor presentation are also accessible at www.paychex.com.

For more information, contact:

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ABOUT PAYCHEX

Paychex, Inc. is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human Resource Services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex, Inc. was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices and serves approximately 567,000 payroll clients as of May 31, 2012. For more information about Paychex, Inc. and our products, visit www.paychex.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS PURSUANT TO THE U.S. PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain written and oral statements made by us may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements can be identified by such words and phrases as "we expect," "expected to," "estimates," "estimated," "current outlook," "we look forward to," "would equate to," "projects," "projections," "projected to be," "anticipates," "anticipated," "we believe," "could be," and other similar phrases. Examples of forward-looking statements include, among others, statements we make regarding operating performance, events, or developments that we expect or anticipate will occur in the future, including statements relating to revenue growth, earnings, earnings-per-share growth, or similar projections.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial conditions may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- general market and economic conditions including, among others, changes in U.S. employment and wage levels, changes to new hiring trends, legislative changes to stimulate the economy, changes in short- and long-term interest rates, changes in the fair value and the credit rating of securities held by us, and accessibility of financing;
- changes in demand for our services and products, ability to develop and market new services and products effectively, pricing changes and the impact of competition;
- changes in the availability of skilled workers;
- changes in the laws regulating collection and payment of payroll taxes, professional employer organizations, and employee benefits, including retirement plans, workers' compensation, health insurance, state unemployment, and section 125 plans;
- changes in health insurance and workers' compensation rates and underlying claims trends;

- changes in technology that adversely affect our products and services and impact our ability to provide timely enhancements to services and products;
- the possibility of a security breach that disrupts operations or exposes client confidential data;
- the possibility of failure of our operating facilities, computer systems, and communication systems during a catastrophic event;
- the possibility of third-party service providers failing to perform their functions;
- the possibility of a failure of internal controls or our inability to implement business processing improvements;
- the possibility that we may be subject to liability for violations of employment or discrimination laws by our clients and acts or omissions of client employees who may be deemed to be our agents, even if we do not participate in any such acts or violations; and
- potentially unfavorable outcomes related to pending legal matters.

Any of these factors, as well as such other factors as discussed in our periodic filings with the SEC, could cause our actual results to differ materially from our anticipated results. The information provided in this document is based upon the facts and circumstances known at this time, and any forward-looking statement made by us in this document speaks only as of the date on which it is made. We undertake no obligation to update these forward-looking statements after the date of issuance of this press release to reflect events or circumstances after such date, or to reflect the occurrence of unanticipated events.

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

	For the three months ended November 30,			For the six months ended November 30,		
	2012	2011	Change	2012	2011	Change
Revenue:						
Payroll service revenue	\$ 377.0	\$ 371.7	1 %	\$ 762.9	\$ 754.0	1 %
Human Resource Services revenue	182.4	163.3	12 %	364.6	333.0	10 %
Total service revenue	559.4	535.0	5 %	1,127.5	1,087.0	4 %
Interest on funds held for clients ⁽¹⁾	10.0	10.7	(8)%	20.1	21.8	(8)%
Total revenue	569.4	545.7	4 %	1,147.6	1,108.8	3 %
Expenses:						
Operating expenses	164.3	162.7	1 %	328.5	326.8	1 %
Selling, general and administrative expenses	175.1	165.1	6 %	351.1	334.4	5 %
Total expenses	339.4	327.8	4 %	679.6	661.2	3 %
Operating income	230.0	217.9	6 %	468.0	447.6	5 %
Investment income, net ⁽¹⁾	1.9	1.5	22 %	3.8	3.0	26 %
Income before income taxes	231.9	219.4	6 %	471.8	450.6	5 %
Income taxes	84.0	79.0	6 %	170.8	161.3	6 %
Net income	\$ 147.9	\$ 140.4	5 %	\$ 301.0	\$ 289.3	4 %
Basic earnings per share	\$ 0.41	\$ 0.39	5 %	\$ 0.83	\$ 0.80	4 %
Diluted earnings per share	\$ 0.41	\$ 0.39	5 %	\$ 0.83	\$ 0.80	4 %
Weighted-average common shares outstanding	363.6	362.4		363.3	362.3	
Weighted-average common shares outstanding, assuming dilution	364.4	362.8		364.1	362.8	
Cash dividends per common share	\$ 0.33	\$ 0.32	3 %	\$ 0.65	\$ 0.63	3 %

(1) Further information on interest on funds held for clients and investment income, net, and the short- and long-term effects of changing interest rates can be found in our filings with the SEC, including our Form 10-Q and our Annual Report on Form 10-K, as applicable, 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 filings are accessible at our website www.paychex.com.

PAYCHEX, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions, except per share amount)

	November 30, 2012	May 31, 2012
ASSETS		
Cash and cash equivalents	\$ 122.6	\$ 108.8
Corporate investments	178.6	207.5
Interest receivable	31.0	30.6
Accounts receivable, net of allowance for doubtful accounts	169.3	142.4
Deferred income taxes	—	1.6
Prepaid income taxes	11.9	5.6
Prepaid expenses and other current assets	39.9	35.2
Current assets before funds held for clients	553.3	531.7
Funds held for clients	3,715.5	4,544.2
Total current assets	4,268.8	5,075.9
Long-term corporate investments	504.3	473.7
Property and equipment, net of accumulated depreciation	351.8	324.3
Intangible assets, net of accumulated amortization	47.0	55.8
Goodwill	517.4	517.4
Deferred income taxes	31.3	29.2
Other long-term assets	3.6	3.3
Total assets	\$ 5,724.2	\$ 6,479.6
LIABILITIES		
Accounts payable	\$ 43.6	\$ 69.7
Accrued compensation and related items	116.8	130.9
Deferred revenue	2.5	3.0
Deferred income taxes	28.5	13.9
Other current liabilities	32.6	33.8
Current liabilities before client fund obligations	224.0	251.3
Client fund obligations	3,664.6	4,494.4
Total current liabilities	3,888.6	4,745.7
Accrued income taxes	42.8	35.9
Deferred income taxes	46.5	40.6
Other long-term liabilities	48.1	52.9
Total liabilities	4,026.0	4,875.1
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; Authorized: 600.0 shares; Issued and outstanding: 363.7 shares as of November 30, 2012 and 362.6 shares as of May 31, 2012, respectively.	3.6	3.6
Additional paid-in capital	594.1	561.1
Retained earnings	1,060.8	1,002.1
Accumulated other comprehensive income	39.7	37.7
Total stockholders' equity	1,698.2	1,604.5
Total liabilities and stockholders' equity	\$ 5,724.2	\$ 6,479.6

PAYCHEX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	For the six months ended November 30,	
	2012	2011
OPERATING ACTIVITIES		
Net income	\$ 301.0	\$ 289.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization on property and equipment and intangible assets	48.3	48.3
Amortization of premiums and discounts on available-for-sale securities, net	27.1	20.8
Stock-based compensation costs	11.5	11.9
Provision for deferred income taxes	17.5	22.9
Provision for allowance for doubtful accounts	0.7	0.3
Net realized gains on sales of available-for-sale securities	(0.3)	(0.2)
Changes in operating assets and liabilities:		
Interest receivable	(0.4)	1.5
Accounts receivable	(27.5)	(60.7)
Prepaid expenses and other current assets	(11.0)	(15.8)
Accounts payable and other current liabilities	(41.5)	(22.6)
Net change in other assets and liabilities	0.6	1.5
Net cash provided by operating activities	326.0	297.2
INVESTING ACTIVITIES		
Purchases of available-for-sale securities	(12,222.3)	(4,730.6)
Proceeds from sales and maturities of available-for-sale securities	12,249.8	4,690.6
Net change in funds held for clients' money market securities and other cash equivalents	777.1	519.9
Purchases of property and equipment	(54.5)	(44.1)
Acquisition of businesses, net of cash acquired	(12.0)	(1.0)
Purchases of other assets	(0.5)	—
Net cash provided by investing activities	737.6	434.8
FINANCING ACTIVITIES		
Net change in client fund obligations	(829.8)	(528.3)
Dividends paid	(236.4)	(228.4)
Equity activity related to stock-based awards	16.4	1.8
Net cash used in financing activities	(1,049.8)	(754.9)
Increase/(decrease) in cash and cash equivalents	13.8	(22.9)
Cash and cash equivalents, beginning of period	108.8	119.0
Cash and cash equivalents, end of period	\$ 122.6	\$ 96.1