

**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 18, 2013
(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 18, 2013, which reports its financial results for the three and six months ended November 30, 2013, 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 18, 2013.

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 18, 2013

/s/ Martin Mucci

Martin Mucci

President and Chief Executive Officer

Date: December 18, 2013

/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 18, 2013

SECOND QUARTER FISCAL 2014 HIGHLIGHTS

- Total service revenue increased 7% to \$600.5 million.
- Payroll service revenue increased 5% to \$395.7 million.
- Human Resource Services revenue increased 12% to \$204.8 million.
- Total revenue increased 7% to \$610.5 million.
- Operating income increased 8% to \$248.6 million.
- Net income increased 7% to \$158.7 million and diluted earnings per share increased 5% to \$0.43 per share.

ROCHESTER, NY, December 18, 2013 — Paychex, Inc. ("Paychex," "we," "our," or "us") (NASDAQ:PAYX) today announced total service revenue of \$600.5 million for the three months ended November 30, 2013 (the "second quarter"), an increase of 7% from \$559.4 million for the same period last year. Net income increased 7% to \$158.7 million and diluted earnings per share increased 5% to \$0.43 per share.

Martin Mucci, President and Chief Executive Officer, commented, "We are pleased with our progress in the second quarter of fiscal 2014. The rate of growth in our Payroll service revenue accelerated to 5% and Human Resource Services revenue growth continued to advance at a double-digit rate. Sales execution remained strong, particularly in core payroll and in Human Resource Services. We continue to deliver client satisfaction and client retention at record levels."

Mr. Mucci added, "We have broadened our software-as-a-service offerings and recently launched Paychex Accounting Online, a cloud accounting solution. It was created and delivered through a strategic partnership and investment in Kashoo, a leading cloud accounting provider. This software-as-a-service solution complements our industry-leading payroll and HR solutions by expanding our suite of services for new businesses and entrepreneurs."

Payroll service revenue was \$395.7 million for the second quarter, an increase of 5% compared to the same period last year. This increase was driven by growth in checks per payroll and revenue per check. Checks per payroll increased again this quarter, in line with the growth experienced in the three months ended August 31, 2013 (the "first quarter"). Revenue per check growth was the result of price increases net of discounts, together with the impact of increased product penetration. The absence of the disruptive effects of Hurricane Sandy that occurred in the same period last year also benefited our rate of growth.

Human Resource Services ("HRS") revenue was \$204.8 million for the second quarter, an increase of 12% compared to the same period last year. Revenue from both our administrative services organization and professional employer organization ("PEO") grew at double-digit rates. The growth in HRS revenue was driven primarily by client base growth, particularly in retirement services, Paychex HR Solutions, and eServices products. Retirement services revenue also benefited from an increase in the average asset value of participants' funds. Insurance services revenue reflected higher premiums in workers' compensation insurance services and an increase in the number of health and benefits applicants. Our eServices products contributed to growth through sales success for software-as-a-service products. HRS revenue growth was tempered modestly by higher direct costs within our PEO.

Total expenses were \$361.9 million for the second quarter, an increase of 7% compared to the same period last year, primarily in compensation-related expenses. This increase related to both our investment in product development and supporting technology and higher sales-related costs attributable to solid sales execution in the second quarter and sales force investment that began during the fiscal year ended May 31, 2013 ("fiscal 2013").

For the second quarter, our operating income was \$248.6 million, an increase of 8% 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 8% to \$238.6 million for the second quarter compared to \$220.0 million for the same period last year. Operating income and operating income, net of certain items, are summarized as follows:

\$ in millions	For the three months ended November 30,			For the six months ended November 30,		
	2013	2012	Change	2013	2012	Change
Operating income	\$ 248.6	\$ 230.0	8%	\$ 503.7	\$ 468.0	8%
Excluding: Interest on funds held for clients	(10.0)	(10.0)	1%	(20.0)	(20.1)	—%
Operating income, net of certain items	\$ 238.6	\$ 220.0	8%	\$ 483.7	\$ 447.9	8%
Operating income, net of certain items, as a percent of total service revenue	39.7%	39.3%		40.4%	39.7%	

Interest on funds held for clients was \$10.0 million for the second quarter, an increase of slightly less than 1% compared to the same period last year. This was driven by the impact of an increase of 6% in average investment balances, partially offset by the impact of slightly lower average interest rates earned. The increase in average investment balances was driven primarily by the expiration of certain payroll tax cuts on December 31, 2012, which resulted in higher employee social security withholdings, along with growth in checks per payroll and client growth. Investment income, net, was \$1.3 million for the second quarter, a decrease of 35%, compared to the same period last year. This decrease was primarily a result of lower average interest rates earned, partially offset by higher average investment balances resulting 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,		
	2013	2012	Change	2013	2012	Change
Average investment balances:						
Funds held for clients	\$ 3,432.9	\$ 3,231.2	6%	\$ 3,478.0	\$ 3,266.6	6%
Corporate investments	\$ 852.8	\$ 773.9	10%	\$ 858.4	\$ 770.1	11%
Average interest rates earned (exclusive of net realized gains):						
Funds held for clients	1.2%	1.2%		1.1%	1.2%	
Corporate investments	0.8%	1.0%		0.7%	1.0%	
Total net realized gains	\$ —	\$ 0.1		\$ 0.2	\$ 0.3	

The available-for-sale securities within the funds held for clients and corporate investment portfolios reflected a net unrealized gain of \$21.5 million as of November 30, 2013, compared with a net unrealized gain of \$34.7 million as of May 31, 2013. During the six months ended November 30, 2013, the net unrealized gain/loss on our investment portfolio ranged from a net unrealized gain of \$35.0 million to a net unrealized loss of \$12.8 million. This fluctuation was driven by changes in market rates of interest. The net unrealized gain on our investment portfolios was \$18.8 million as of December 13, 2013.

Our financial position as of November 30, 2013, remained strong with cash and total corporate investments of \$839.3 million and no debt. Our primary source of cash is generated from our ongoing operations. Historically, we have funded our operations, capital purchases, business acquisitions, and dividend payments from our operating activities. Our positive cash flows have allowed us to support our business and to pay substantial dividends to our stockholders. It is anticipated that cash and total corporate investments as of November 30, 2013, along with projected operating cash flows, will support our normal business operations, capital purchases, share repurchases, and dividend payments for the foreseeable future.

In October 2012, our Board of Directors approved a stock repurchase program to purchase up to \$350 million of Paychex common stock, with authorization for this program expiring in May 2014. During the second quarter, we repurchased 1.9 million shares of common stock for a total of \$75.2 million. A total of \$159.1 million of common stock has been repurchased under this program to date.

YEAR-TO-DATE FISCAL 2014 HIGHLIGHTS

The highlights for the six months ended November 30, 2013 are as follows:

- Total service revenue increased 6% to \$1.2 billion.
- Payroll service revenue increased 4% to \$790.9 million, with checks per payroll growth consistent with that experienced during the first quarter.
- HRS revenue increased 12% to \$407.5 million.
- Total revenue increased 6% to \$1.2 billion.
- Operating income increased 8% to \$503.7 million.
- Net income increased 7% to \$321.5 million and diluted earnings per share increased 6% to \$0.88 per share.
- Cash flow from operations was \$400.2 million.

OUTLOOK

Our outlook for the fiscal year ending May 31, 2014 (“fiscal 2014”) is based upon current market, economic, and interest rate conditions continuing with no significant changes. Our expected full year fiscal 2014 payroll revenue growth rate is based upon anticipated client base growth and increases in revenue per check. HRS revenue is expected to achieve a low double-digit growth rate.

Our guidance is as follows:

	Low		High
Payroll service revenue	3%	—	4%
HRS revenue	10%	—	11%
Total service revenue	5%	—	6%
Net income	8%	—	9%

Operating income, net of certain items, as a percent of total service revenue is expected to be approximately 38% for fiscal 2014. The effective income tax rate for fiscal 2014 is expected to be in the range of 36% to 37%. Net income growth for fiscal 2014 is expected to benefit from a strong comparison in the fourth quarter as a result of the impact of the settlement of a state income tax matter in fiscal 2013, which reduced diluted earnings per share by approximately \$0.04 per share. This settlement is not expected to have an impact on the effective income tax rate for fiscal 2014.

Interest on funds held for clients and investment income for fiscal 2014 are expected to continue to be impacted by the low interest rates.

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 anticipated to be filed by the close of business on Friday, December 20, 2013, and will be 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 19, 2013 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, insurance, 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 570,000 payroll clients as of May 31, 2013. 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. 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,		
	2013	2012	Change	2013	2012	Change
Revenue:						
Payroll service revenue	\$ 395.7	\$ 377.0	5 %	\$ 790.9	\$ 762.9	4 %
Human Resource Services revenue	204.8	182.4	12 %	407.5	364.6	12 %
Total service revenue	600.5	559.4	7 %	1,198.4	1,127.5	6 %
Interest on funds held for clients ⁽¹⁾	10.0	10.0	1 %	20.0	20.1	— %
Total revenue	610.5	569.4	7 %	1,218.4	1,147.6	6 %
Expenses:						
Operating expenses	167.7	163.6	3 %	332.4	327.1	2 %
Selling, general and administrative expenses	194.2	175.8	10 %	382.3	352.5	8 %
Total expenses	361.9	339.4	7 %	714.7	679.6	5 %
Operating income	248.6	230.0	8 %	503.7	468.0	8 %
Investment income, net ⁽¹⁾	1.3	1.9	(35)%	2.5	3.8	(35)%
Income before income taxes	249.9	231.9	8 %	506.2	471.8	7 %
Income taxes	91.2	84.0	9 %	184.7	170.8	8 %
Net income	\$ 158.7	\$ 147.9	7 %	\$ 321.5	\$ 301.0	7 %
Basic earnings per share	\$ 0.43	\$ 0.41	5 %	\$ 0.88	\$ 0.83	6 %
Diluted earnings per share	\$ 0.43	\$ 0.41	5 %	\$ 0.88	\$ 0.83	6 %
Weighted-average common shares outstanding	364.9	363.6		365.1	363.3	
Weighted-average common shares outstanding, assuming dilution	366.4	364.4		366.5	364.1	
Cash dividends per common share	\$ 0.35	\$ 0.33	6 %	\$ 0.70	\$ 0.65	8 %

⁽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, 2013	May 31, 2013
ASSETS		
Cash and cash equivalents	\$ 213.0	\$ 107.3
Corporate investments	250.4	398.2
Interest receivable	34.8	32.4
Accounts receivable, net of allowance for doubtful accounts	178.8	133.4
Deferred income taxes	0.1	2.3
Prepaid income taxes	31.6	49.9
Prepaid expenses and other current assets	43.1	36.6
Current assets before funds held for clients	751.8	760.1
Funds held for clients	3,912.0	4,072.5
Total current assets	4,663.8	4,832.6
Long-term corporate investments	375.9	369.1
Property and equipment, net of accumulated depreciation	351.4	346.0
Intangible assets, net of accumulated amortization	43.6	45.2
Goodwill	540.0	533.9
Deferred income taxes	36.1	34.1
Other long-term assets	8.6	2.8
Total assets	\$ 6,019.4	\$ 6,163.7
LIABILITIES		
Accounts payable	\$ 36.4	\$ 42.7
Accrued compensation and related items	135.8	138.2
Deferred income taxes	16.0	8.1
Other current liabilities	41.3	39.5
Current liabilities before client fund obligations	229.5	228.5
Client fund obligations	3,889.6	4,039.7
Total current liabilities	4,119.1	4,268.2
Accrued income taxes	23.7	19.7
Deferred income taxes	61.6	53.3
Other long-term liabilities	54.6	48.8
Total liabilities	4,259.0	4,390.0
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; Authorized: 600.0 shares; Issued and outstanding: 364.2 shares as of November 30, 2013 and 365.4 shares as of May 31, 2013, respectively.	3.6	3.7
Additional paid-in capital	749.9	659.5
Retained earnings	993.2	1,088.5
Accumulated other comprehensive income	13.7	22.0
Total stockholders' equity	1,760.4	1,773.7
Total liabilities and stockholders' equity	\$ 6,019.4	\$ 6,163.7

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

	For the six months ended November 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 321.5	\$ 301.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization on property and equipment and intangible assets	50.4	48.3
Amortization of premiums and discounts on available-for-sale securities, net	34.4	27.1
Stock-based compensation costs	14.6	11.5
Provision for deferred income taxes	16.0	17.5
Provision for allowance for doubtful accounts	1.3	0.7
Net realized gains on sales of available-for-sale securities	(0.2)	(0.3)
Changes in operating assets and liabilities:		
Interest receivable	(2.4)	(0.4)
Accounts receivable	(46.4)	(27.5)
Prepaid expenses and other current assets	11.7	(11.0)
Accounts payable and other current liabilities	(6.7)	(41.5)
Net change in other assets and liabilities	6.0	0.6
Net cash provided by operating activities	400.2	326.0
INVESTING ACTIVITIES		
Purchases of available-for-sale securities	(14,941.7)	(12,222.3)
Proceeds from sales and maturities of available-for-sale securities	15,755.3	12,249.8
Net change in funds held for clients' money market securities and other cash equivalents	(557.4)	777.1
Purchases of property and equipment	(46.9)	(54.5)
Acquisition of businesses, net of cash acquired	(9.3)	(12.0)
Purchases of other assets	(5.7)	(0.5)
Net cash provided by investing activities	194.3	737.6
FINANCING ACTIVITIES		
Net change in client fund obligations	(150.2)	(829.8)
Dividends paid	(255.7)	(236.4)
Repurchases of common shares	(159.1)	—
Equity activity related to stock-based awards	76.2	16.4
Net cash used in financing activities	(488.8)	(1,049.8)
Increase in cash and cash equivalents	105.7	13.8
Cash and cash equivalents, beginning of period	107.3	108.8
Cash and cash equivalents, end of period	\$ 213.0	\$ 122.6