

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

(Mark One)

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

For the quarterly period ended November 30, 1996

OR

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

For the transition period from _____ to _____

For Quarter Ended November 30, 1996 Commission file number 0-11330

PAYCHEX, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

16-1124166

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

911 PANORAMA TRAIL SOUTH, ROCHESTER, NEW YORK 14625-0397

(Address of principal executive offices) (Zip Code)

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

(Former name, former address and former fiscal year, if
changed since last report.)

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 .

CLASS

OUTSTANDING AT NOVEMBER 30, 1996

(Common Stock, \$.01 Par Value)

(72,147,969 Shares)

PAYCHEX, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

PAGE

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEETS - NOVEMBER 30, 1996 AND
MAY 31, 1996

3

CONSOLIDATED STATEMENTS OF INCOME - THREE AND SIX MONTHS
ENDED NOVEMBER 30, 1996 AND NOVEMBER 30, 1995

5

CONSOLIDATED STATEMENTS OF CASH FLOWS - SIX MONTHS
ENDED NOVEMBER 30, 1996 AND NOVEMBER 30, 1995

6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -
NOVEMBER 30, 1996

8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

10

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES	13
ITEM 5. OTHER INFORMATION	13
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	13
SIGNATURES	14
- - - - -	

PART I. FINANCIAL INFORMATION

PAYCHEX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	NOVEMBER 30, 1996	MAY 31, 1996
	-----	-----
ASSETS	(UNAUDITED)	
	(in thousands)	
<S>	<C>	<C>
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 19,559	\$ 19,999
INVESTMENTS	125,328	102,967
INTEREST RECEIVABLE	9,071	7,385
TRADE ACCOUNTS RECEIVABLE	46,071	42,076
PREPAID EXPENSES AND OTHER		
CURRENT ASSETS	3,031	1,903
DEFERRED INCOME TAXES	509	1,419
	-----	-----
TOTAL CURRENT ASSETS	203,569	175,749
PROPERTY AND EQUIPMENT		
LAND AND IMPROVEMENTS	2,787	2,787
BUILDINGS	24,535	24,145
DATA PROCESSING EQUIPMENT	45,935	43,439
FURNITURE, FIXTURES AND EQUIPMENT	41,106	37,921
LEASEHOLD IMPROVEMENTS	3,090	2,718
	-----	-----
	117,453	111,010
LESS ALLOWANCE FOR DEPRECIATION AND AMORTIZATION	65,070	60,355
	-----	-----
NET PROPERTY AND EQUIPMENT	52,383	50,655
OTHER ASSETS	7,351	4,945
	-----	-----
TOTAL ASSETS	\$ 263,303	\$ 231,349
	=====	=====

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAYCHEX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS, CONT'D.

<TABLE>
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	November 30, 1996	MAY 31, 1996
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY	(UNAUDITED)	
	(in thousands)	
<S>	<C>	<C>
CURRENT LIABILITIES		
TRADE ACCOUNTS PAYABLE	\$ 4,606	\$ 4,183
ACCRUED COMPENSATION AND RELATED ITEMS	20,705	19,120
RESERVE FOR WORKERS' COMPENSATION	1,766	1,235
ACCRUED INCOME TAXES	3,616	573
OTHER ACCRUED EXPENSES	8,204	5,941
DEFERRED REVENUE	3,467	4,934
	-----	-----
TOTAL CURRENT LIABILITIES	42,364	35,986
OTHER LIABILITIES		
DEFERRED INCOME TAXES	211	416
RESERVE FOR WORKERS' COMPENSATION	865	865
CUSTOMER DEPOSITS	1,318	1,038
OTHER LONG-TERM LIABILITIES	1,143	848
	-----	-----

TOTAL LIABILITIES	45,901	39,153
STOCKHOLDERS' EQUITY		
COMMON STOCK, \$.01 PAR VALUE, AUTHORIZED 150,000,000 SHARES: ISSUED 72,147,969 AT NOVEMBER 30, 1996 AND 71,632,456 AT MAY 31, 1996	721	716
ADDITIONAL CAPITAL	30,663	30,112
RETAINED EARNINGS	186,018	161,368
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	217,402	192,196
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 263,303	\$ 231,349
	=====	=====

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAYCHEX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<TABLE>

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	THREE MONTHS ENDED NOVEMBER 30,		SIX MONTHS ENDED NOVEMBER 30,	
	1996	1995	1996	1995
	----	----	----	----
	(in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
PAYROLL REVENUE	\$ 92,552	\$ 78,232	\$181,479	\$154,405
PEO REVENUE	76,947	51,679	154,062	98,993
	-----	-----	-----	-----
TOTAL REVENUE	\$169,499	\$129,911	\$335,541	\$253,398
	-----	-----	-----	-----
PEO DIRECT COSTS	74,233	49,832	149,002	95,460
OPERATING COSTS	28,059	24,800	54,623	48,175
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	43,858	38,199	86,470	76,400
	-----	-----	-----	-----
OPERATING INCOME	23,349	17,080	45,446	33,363
OTHER INCOME	1,745	1,465	3,230	2,851
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	25,094	18,545	48,676	36,214
INCOME TAXES	7,026	5,070	13,535	9,958
	-----	-----	-----	-----
NET INCOME	\$ 18,068	\$ 13,475	\$ 35,141	\$ 26,256
	=====	=====	=====	=====
EARNINGS PER SHARE	\$.25	\$.19 *	\$.49	\$.37 *
	=====	=====	=====	=====
CASH DIVIDENDS PER SHARE	\$.09	\$.06 *	\$.15	\$.10 *
	=====	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING	71,828	71,205 *	71,750	71,115 *
	=====	=====	=====	=====

</TABLE>

* ADJUSTED FOR THREE-FOR-TWO STOCK SPLIT IN MAY, 1996.
SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
PAYCHEX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

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	SIX MONTHS ENDED NOVEMBER 30,	
	1996	1995
	----	----
	(in thousands)	
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OPERATING ACTIVITIES		
NET INCOME	\$ 35,141	\$ 26,256
ADJUSTMENTS TO RECONCILE NET INCOME		

TO CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	7,434	7,210
NET CHANGE IN DEFERRED INCOME TAXES	174	1,354
PROVISION FOR BAD DEBTS	750	340
NET REALIZED (GAIN) ON SALES OF AVAILABLE-FOR-SALE SECURITIES	(143)	(389)
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
TRADE ACCOUNTS RECEIVABLE	(4,746)	(5,376)
ACCRUED INTEREST RECEIVABLE	(1,686)	(502)
PREPAID EXPENSES AND OTHER CURRENT ASSETS	(1,128)	(577)
TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	7,313	1,954
DEFERRED REVENUE	(1,466)	(38)
RESERVE FOR WORKERS' COMPENSATION	531	648
CUSTOMER DEPOSITS	280	164
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	42,454	31,044
INVESTING ACTIVITIES		
INVESTMENT PURCHASES OF AVAILABLE- FOR-SALE SECURITIES	(64,668)	(55,518)
PROCEEDS FROM SALES OF AVAILABLE- FOR-SALE SECURITIES	43,747	38,357
PROCEEDS FROM MATURITIES OF AVAILABLE- FOR-SALE SECURITIES	-0-	3,387
ADDITIONS TO PROPERTY AND EQUIPMENT, NET OF DISPOSALS	(8,811)	(11,713)
NET CHANGE IN OTHER ASSETS	(2,756)	(902)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(32,488)	(26,389)
FINANCING ACTIVITIES		
PAYMENTS ON LONG-TERM DEBT	-0-	(728)
PROCEEDS AND TAX BENEFIT FROM EXERCISE OF STOCK OPTIONS	401	1,084
DIVIDENDS PAID	(11,101)	(6,888)
OTHER	294	12
	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(10,406)	(5,792)
	-----	-----
(DECREASE) IN CASH AND CASH EQUIVALENTS	(440)	(1,865)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	19,999	14,812
CASH OBTAINED THROUGH ACQUISITIONS	-0-	812
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 19,559	\$ 13,759
	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS
PAYCHEX, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOVEMBER 30, 1996

- A) THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PAYCHEX, INC. AND ITS WHOLLY-OWNED SUBSIDIARIES HAVE BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR INTERIM FINANCIAL INFORMATION AND WITH THE INSTRUCTIONS TO FORM 10-Q AND ARTICLE 10 OF REGULATION S-X. ACCORDINGLY, THE CONSOLIDATED FINANCIAL STATEMENTS DO NOT INCLUDE ALL OF THE INFORMATION AND FOOTNOTES REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR COMPLETE FINANCIAL STATEMENTS. IN THE OPINION OF MANAGEMENT, ALL ADJUSTMENTS CONSIDERED NECESSARY FOR A FAIR PRESENTATION HAVE BEEN INCLUDED. THE ACCOMPANYING FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE NOTES TO FINANCIAL STATEMENTS PRESENTED IN THE COMPANY'S FORM 10-K AND ANNUAL REPORT FOR THE YEAR ENDED MAY 31, 1996.
- B) DURING THE SIX-MONTH PERIOD ENDING NOVEMBER 30, 1996, 67,468 SHARES OF STOCK WERE ISSUED UPON EXERCISE OF STOCK OPTIONS.
- IN ADDITION, THE COMPANY GRANTED STOCK OPTIONS FOR APPROXIMATELY 793,000 SHARES, INCLUDING APPROXIMATELY 614,000 SHARES RELATED TO A BROAD BASED STOCK OPTION PLAN FOR IT'S EMPLOYEES.
- C) ON AUGUST 26, 1996, THE COMPANY COMPLETED ITS MERGER WITH NATIONAL BUSINESS SOLUTIONS, INC. (NBS), NOW PAYCHEX BUSINESS SOLUTIONS, INC. (PBS) A PROFESSIONAL EMPLOYER ORGANIZATION, HEADQUARTERED IN ST. PETERSBURG, FLORIDA. THE OUTSTANDING COMMON STOCK OF NBS WAS EXCHANGED FOR 2,934,496 SHARES OF PAYCHEX COMMON STOCK, VALUED AT \$140,000,000. THE TRANSACTION WAS ACCOUNTED FOR AS A POOLING OF INTERESTS; THEREFORE,

PRIOR PERIOD FINANCIAL STATEMENTS HAVE BEEN RESTATED TO REFLECT THIS MERGER.

PBS IS A LEADING PROFESSIONAL EMPLOYER ORGANIZATION ("PEO"), WHICH PROVIDES SMALL AND MEDIUM-SIZED BUSINESSES WITH AN OUTSOURCING SOLUTION TO THE COMPLEXITIES AND COSTS RELATED TO EMPLOYMENT AND HUMAN RESOURCES.

- D) ON AUGUST 29, 1996, THE COMPANY ACQUIRED ALL OF THE OUTSTANDING STOCK OF THE PAYROLL SERVICE, INC., IN EXCHANGE FOR APPROXIMATELY 55,000 SHARES OF PAYCHEX COMMON STOCK IN A BUSINESS COMBINATION ACCOUNTED FOR AS A POOLING OF INTERESTS. RESULTS OF OPERATIONS PRIOR TO THE MERGER HAVE NOT BEEN RESTATED AS THE EFFECTS WOULD BE IMMATERIAL.
- E) ON NOVEMBER 21, 1996, THE COMPANY ACQUIRED ALL OF THE OUTSTANDING STOCK OF OLSEN COMPUTER SYSTEMS, INC., NOW PAYCHEX COMPUTER SYSTEMS, INC., IN EXCHANGE FOR APPROXIMATELY 393,000 SHARES OF PAYCHEX COMMON STOCK IN A BUSINESS COMBINATION ACCOUNTED FOR AS A POOLING OF INTERESTS. RESULTS OF OPERATIONS PRIOR TO THE MERGER HAVE NOT BEEN RESTATED AS THE EFFECTS WOULD BE IMMATERIAL.
- F) CERTAIN AMOUNTS FROM THE PRIOR YEAR ARE RECLASSIFIED TO CONFORM TO FISCAL 1997 PRESENTATIONS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONT'D.

NOTE G - SEGMENT INFORMATION

THE COMPANY OPERATES IN TWO MAJOR SEGMENTS, PAYROLL AND PROFESSIONAL EMPLOYER ORGANIZATION (PEO). THE PAYROLL SEGMENT IS ENGAGED IN THE PREPARATION OF PAYROLL CHECKS, INTERNAL ACCOUNTING RECORDS AND ALL FEDERAL, STATE AND LOCAL PAYROLL TAX RETURNS FOR SMALL TO MEDIUM-SIZED BUSINESSES. THE PAYROLL SEGMENT ALSO INCLUDES EMPLOYEE HANDBOOKS, SECTION 125 PLANS AND 401(K) PLAN RECORDKEEPING SERVICES. THE PEO SEGMENT SPECIALIZES IN PROVIDING SMALL AND MEDIUM-SIZED BUSINESSES WITH COST-EFFECTIVE OUTSOURCING SOLUTIONS FOR THEIR EMPLOYEE BENEFITS. AS AN OUTSOURCING SOLUTION, THE PEO RELIEVES THE BUSINESS OWNER OF HUMAN RESOURCES ADMINISTRATION, EMPLOYMENT REGULATORY COMPLIANCE, WORKERS' COMPENSATION COVERAGE, HEALTH CARE AND OTHER EMPLOYEE RELATED RESPONSIBILITIES. CONSISTENT WITH PEO INDUSTRY PRACTICE, REVENUE INCLUDES ALL AMOUNTS BILLED TO CLIENTS FOR THE SERVICES PROVIDED BY THE PEO.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED NOVEMBER 30,		SIX MONTHS ENDED NOVEMBER 30,	
	1996	1995	1996	1995
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
REVENUE				
PAYROLL	\$ 92,552	\$ 78,232	\$181,479	\$154,405
PEO	76,947	51,679	154,062	98,993
TOTAL REVENUE	169,499	129,911	335,541	253,398
PEO DIRECT COSTS	74,233	49,832	149,002	95,460
REVENUE, LESS PEO DIRECT COSTS	95,266	80,079	186,539	157,938
OPERATING COSTS				
PAYROLL	26,565	23,793	51,821	46,177
PEO	1,494	1,007	2,802	1,998
TOTAL OPERATING COSTS	28,059	24,800	54,623	48,175
SELLING, GENERAL AND ADMIN				
PAYROLL	41,861	36,611	82,740	73,316
PEO	300	237	537	408
TOTAL SELLING, GENERAL AND ADMIN	42,161	36,848	83,277	73,724
OPERATING INCOME				
PAYROLL	24,126	17,828	46,918	34,912
PEO	920	603	1,721	1,127
TOTAL OPERATING INCOME	25,046	18,431	48,639	36,039
GENERAL CORPORATE EXPENSES	1,697	1,351	3,193	2,676
OTHER INCOME - NET	1,745	1,465	3,230	2,851
INCOME BEFORE TAXES	\$ 25,094	\$ 18,545	\$ 48,676	\$ 36,214

</TABLE>

PAYCHEX, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

Management's discussion and analysis reviews the Company's operating results for the quarter ended November 30, 1996 and 1995, and its financial condition at November 30, 1996. The focus of this review is on the underlying business reasons for significant changes and trends affecting revenues, net income, and financial condition. This review should be read in conjunction with the May 31, 1996 Consolidated Financial Statements, and the related Notes to Consolidated Financial Statements, as well as Form 8-K filed on July 9, 1996 which contained audited financial statements of National Business Solutions, Inc., discussed below. Forward-looking statements in this management's discussion and analysis are qualified by the cautionary statement at the end of this discussion.

Results of operations for 1995 and 1996 have been restated to reflect Paychex' August 26, 1996 merger with National Business Solutions, Inc. (NBS) now Paychex Business Solutions, Inc. (PBS), a Professional Employer Organization (PEO) headquartered in St. Petersburg, Florida. The transaction was accounted for as a pooling of interests.

On August 29, 1996 and November 21, 1996, the company acquired all of the outstanding stock of the Payroll Service, Inc. and Olsen Computer Systems, Inc., respectively, in exchange for approximately 448,000 total shares. The business combinations were accounted for as pooling of interests. Results of operations prior to the mergers have not been restated as the effects would be immaterial.

Results of Operations

Paychex earned a record consolidated net income of \$18.1 million or \$.25 per share for the second quarter ended November 30, 1996, up 34% over consolidated net income of \$13.5 million or \$.19 per share for the same quarter last year. Consolidated revenue for the quarter reached \$169.5 million, an increase of 30% over \$129.9 million for the same period last year.

For the six months ended November 30, 1996, net income increased 34% to \$35.1 million or \$.49 per share, compared to net income of \$26.3 million or \$.37 per share for the same period last year. Total revenue for the six month period reached \$335.5 million, an increase of 32% over \$253.4 million reported for the first six months of the previous fiscal year.

Payroll Segment

Payroll service revenue for the second quarter ended November 30, 1996 reached \$92.6 million, an increase of 18% over \$78.2 million for the second quarter last year. For the six months ended November 30, 1996, payroll service revenue reached \$181.5 million, an increase of 18% over \$154.4 million reported last year. These gains resulted primarily from increases in clients utilizing the basic payroll service and clients using Taxpay and Direct Deposit products. During the quarter the percentage of the client base using Taxpay increased from 59% to 63% as the Company continued to benefit from the Federal mandate requiring small businesses to file payroll taxes electronically as of July 1, 1997.

Paychex currently serves 246,500 payroll clients, with 156,500 utilizing Taxpay while approximately 62,100 take advantage of Direct Deposit for their employees.

Operating costs were 29% of revenue for the current three and six month periods, down from 30% for the same periods last year. Most of the decrease resulted from lower costs, as a percentage of revenue, associated with delivery, wages and facilities. Full year operating costs, as a percentage of revenue, are expected to be slightly lower than last year.

Selling, general and administrative expenses were 45% and 46% of revenue for the three and six month periods ended November 30, 1996, down from 47% and 48% for the respective periods last year. As a percentage of revenue, wages were lower in the current quarter and six month periods, versus the same periods last year. Selling, general and administrative expenses, as a percentage of revenue, have been decreasing over the past few years. The Company expects this trend to continue in fiscal 1997.

PEO Segment

The revenue and profit growth experienced by PBS is directly related to significant increases in worksite employees on a year-over-year basis. PBS currently serves 10,100 worksite employees, an increase of 46% over the prior year. PBS, a professional employer organization, specializes in providing small and medium-sized businesses with cost-effective outsourcing solutions for their employee benefits. As an outsourcing solution, PBS relieves the business owner of human resources administration, employment regulatory compliance, workers' compensation coverage, health care, 401(k) administration and other employee related responsibilities.

PBS gross revenue for the second quarter and six months ended November 30, 1996 rose by 49% to \$76.9 million and 56% to \$154.1 million, respectively,

when compared to the same periods last year.

PBS has started to offer the PEO services to Paychex payroll clients in Florida and plans to expand to other select locations. The client base and worksite employees are expected to continue to grow as PBS expands the offering of its PEO services to existing payroll clients.

Liquidity and Capital Resources

Net cash provided by consolidated operating activities totaled \$42.5 million for the six months ended November 30, 1996 as compared to \$31.0 million in 1995. Net income for the period contributed a record \$35.1 million, representing a 34% gain over net income of \$26.3 million achieved for the same period last year.

Company owned investments and investments of client funds held for Taxpay and Direct Deposit consist primarily of tax-exempt municipal securities issued by various governmental agencies and short-term money market securities. At November 30, 1996, the total Taxpay and Direct Deposit funds held by the Company were \$712.1 million. The Company continues to control credit and market risks by investing primarily in AAA and AA rated municipal securities, limiting amounts that can be invested in any single instrument, and investing in short-to intermediate-term instruments which limit sensitivity to interest rate changes.

Capital expenditures for the second quarter and year to date periods totalled \$4.2 million and \$8.9 million, respectively. In addition, the Company completed its planned upgrade of laser printing equipment in branch offices through five year operating leases. The Company also invested in planned furniture and fixtures expenditures related to continued Paychex growth and expansion. Capital expenditures for the remainder of the year are estimated to range between \$7 million to \$13 million.

Projected cash flows are expected to be adequate to support normal business operations, planned capital expenditures and dividend payments. Furthermore, the Company has \$225 million of unsecured bank lines of credit available for its use. As of November 30, 1996, there were no outstanding borrowings under these lines of credit.

Other

In an effort to give investors a well-rounded view of the Company's current condition and future opportunities, this Form 10-Q includes comments by the Company's management about future performance and results. Because they are forward-looking, these forecasts involve uncertainties. They include risks of general market conditions, including demand for the Company's products and services, competition, and price levels; changes in the laws regulating collection and payment of payroll taxes and employee benefits, including 401(k) plans and Section 125 plans; delays in the development and marketing of new products and services; the possibility of catastrophic events that could impact the Company's operating facilities, computer technology, and communication systems; changes in short-and long-term interest rates and the credit rating of municipal securities held in the Company's investment portfolios.

PART II. OTHER INFORMATION

PAYCHEX, INC. AND SUBSIDIARIES

ITEM 2. CHANGES IN SECURITIES

On November 21, 1996 Paychex, Inc. acquired Olsen Computer Systems, Inc. ("OCS") which licenses computer software to approximately 100 payroll service centers throughout the United States. Paychex issued 392,926 shares of its common stock to the two shareholders of OCS for all of the stock of OCS in an unregistered private placement under Section 4(2) of the Securities Act of 1933, as amended. No broker was involved in the transaction.

ITEM 5. OTHER INFORMATION

On August 26, 1996, the Company completed its merger with National Business Solutions, Inc. (NBS), now Paychex Business Solutions, Inc. (PBS).

On October 30, 1996, the Company filed Form S-3, Registration #333-15105, primarily related to the public offering of shares for the acquisition of NBS.

(See Notes to Consolidated Financial Statements, Note C)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS:

THERE WERE NO EXHIBITS APPLICABLE FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 1996.

(B) REPORTS ON FORM 8-K:

ON OCTOBER 22, 1996, THE COMPANY FILED A FORM 8-K DATED SEPTEMBER 30, 1996
DISCLOSING COMBINED FINANCIAL RESULTS FOR THE FOUR MONTHS ENDED SEPTEMBER
30, 1996.

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. AND SUBSIDIARIES

DATE: JANUARY 14, 1997

/s/ B. THOMAS GOLISANO

B. THOMAS GOLISANO
CHAIRMAN, PRESIDENT AND CHIEF
EXECUTIVE OFFICER

DATE: JANUARY 14, 1997

/s/ JOHN M. MORPHY

JOHN M. MORPHY
VICE PRESIDENT, CHIEF
FINANCIAL OFFICER AND
SECRETARY

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE NOVEMBER 30, 1996 FINANCIAL STATEMENTS OF PAYCHEX, INC. AND SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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