SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

[x] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [fee required]

For the fiscal year ended May 31, 1995

OR

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [no fee required]

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)	(IRS Employer Identification Number)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value
(Title of Class)

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 X No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. [X].

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of 7/28/95 was $1,410,846,938

The number of shares of Registrant's Common Stock, $.01 par value, outstanding as of 7/28/95 was 45,263,498.

Documents Incorporated by Reference

Certain specified portions of the registrant's annual report to security holders for the fiscal year ended May 31, 1995 (the "Annual Report") are incorporated herein by reference in response to Part II, Items 5 through 8, inclusive, and certain specified portions of the registrant's definitive proxy statement to be filed within 120 days after May 31, 1995 (the "Proxy Statement") are incorporated herein by reference in response to Part III, Items 10 through 12, inclusive.

PAYCHEX, INC.
INDEX TO ANNUAL REPORT
ON FORM 10-K

PART I

Item 1. Business.

General

Paychex, Inc. (the "Company" or "Paychex"), a Delaware corporation, was formed in 1979 through the consolidation of 17 corporations engaged in providing computerized payroll accounting services.

Principal Products, Services and Markets.

Paychex is primarily engaged in providing computerized payroll accounting services to approximately 208,000 small to medium sized businesses nationwide. Paychex believes that in number of clients it is the second largest payroll accounting service company in the country. The Company prepares and furnishes paychecks, earnings statements and internal accounting records such as journals, summaries and earnings histories. Paychex prepares for its clients all required monthly, quarterly and annual payroll tax returns for federal, state and local governments. The TAXPAY feature is utilized by over 50% of its' clients nationwide. This service provides automatic payment of payroll taxes and filing of quarterly and annual tax returns. Paychex also provides enhanced payroll services, including an automatic salary deposit service (Direct Deposit) which electronically transmits the net payroll for client's employees to banks throughout the Federal Reserve System. In addition, a digital check signing and inserting service is offered.

Paychex markets its services principally to small and medium sized businesses through its 71 branch operating centers and 23 sales offices located in major metropolitan areas. The Company's market share in branch processing center territories ranges from 1% to approximately 20%. No client accounts for as much as 1% of the Company's revenue.

Clients may discontinue Paychex service at will. Approximately 80% of the businesses which were clients in fiscal year 1993 or 1994 continued to be clients in the succeeding fiscal year. Ownership changes or business failures common to small businesses are the primary causes of client loss.

The Company warrants its services, agreeing to reimburse any client for penalties and interest incurred as a result of a Paychex error. Warranty expense paid in fiscal years 1994 and 1995 was approximately $160,000 and $410,000, respectively.

The Company employs payroll specialists who communicate primarily by

telephone with their assigned clients each payroll period to record the hours worked by each employee and any personnel or compensation changes. These specialists are trained by Paychex in all facets of payroll preparation and applicable tax regulations. All information furnished by a client is handled by someone who is "payroll intelligent" and familiar with that client's payroll.
The Paychex payroll system is an on-line, direct entry computer system which enables the payroll specialist to simultaneously enter information from the client over the telephone. Payroll processing is decentralized in each of the Company's branch operating centers while Taxpay and Direct Deposit processing are centralized at the Company's headquarters. Sales offices utilize a nearby Company branch operating center for processing.

During 1993, the Company introduced Paylink, a proprietary software package which enables clients to use their personal computers and modems to transmit their own payroll data into the local Paychex processing center at any time without assistance of a payroll specialist. This product is available in all branch processing centers. Currently over 11,000 clients use this feature.

While payroll is its core business, Paychex also provides human resource products and services through its HRS division.

HRS markets Cafeteria Plan products approved under Section 125 of the Internal Revenue Code. The Premium Only Plan allows employees to pay for certain fringe benefits with pre-tax dollars, with a resultant reduction of payroll taxes to employers and employees. The Flexible Spending Account Plan allows client employees to pay for health and dependent care expenses with pre-tax dollars. All administration, compliance and coverage tests are provided with these services.

The HRS Division's employee management services and products include customized employee handbooks, management manuals, job descriptions and personnel forms. These have been designed to simplify clients' office processes and enhance their employee benefits programs. Also available is a measurement and evaluation tool to assist clients in the process of hiring, training and developing employees and group insurance products offered in selected geographical areas.

During 1995, the HRS Division introduced a 401(K) Recordkeeping Service to selected markets. This service provides plan design and implementation, ongoing compliance with government regulations, employee and employer reporting and other administrative services.

Products and services of the HRS Division are sold through a separate sales organization located in most branch offices. Some of the products and services are available on a nationwide basis through an inside sales group.

Software Maintenance and Product Development.

The ever-changing mandates of Federal, State and local taxing authorities compel the Company to continuously update its proprietary software. The Company is also engaged in developing ongoing enhancements to its software to meet the changing requirements of its clients and the marketplace. However, the Company is not engaged, to any significant extent, in basic software research and development.

Competition.

The payroll accounting services industry is characterized by intense competition. The principal competitive factors are price and service. Paychex believes it has one major competitor that provides computerized payroll accounting services nationwide. Although this competitor has historically concentrated on larger employers, it has for several years marketed directly to the small and medium sized businesses which constitute the Paychex market. In addition, the Company competes with other providers of computerized payroll services, including banks and smaller independent firms.

The Company's principal competition, used by a majority of the businesses in its market, is manual payroll systems sold by numerous vendors. Some companies have in-house computer capability to generate their own payroll documents and reports.

Executive Officers.

The information required is set forth in the Company's Proxy Statement and is incorporated herein by reference.

Employees.

Paychex currently employs approximately 3,500 persons, of which 3,300 are full time and 200 are part time.

Trademarks.

The Company has a number of trademarks registered in the U.S. Patent and Trademark Office including the names PAYCHEX, TAXPAY and PAYLINK. The Company believes these trademarks are of material importance to its business.

Seasonality.

There is no significant seasonality to the Company's business, except that over 30% of new clients added in each of the last two fiscal years have been added during the third fiscal quarter. Consequently, greater sales commissions are paid in that quarter, resulting in higher selling expenses for the third quarter. These expenses, along with additional labor costs for calendar year-end processing of payroll reports and returns, have traditionally resulted in lower operating profits for the third quarter as compared to other quarters.

Item 2. Properties.

The corporate headquarters, owned by the Company, occupy a 139,000 square foot office complex in a suburb of Rochester, New York. The Company owns and occupies a 62,000 square foot distribution and office facility located within 10 miles of corporate headquarters. The Company also owns a 20,000 square foot office facility in Syracuse, New York. Approximately one-half of this building is occupied by the Syracuse branch office and the remaining space is leased. In June, 1995, the Company acquired a 38,000 square foot building (on leased land) as part of the Company's acquisition of Pay-Fone Systems, Inc., a payroll company located in Van Nuys, California. Pay-Fone Systems, Inc. occupies approximately two-thirds of the building and the remaining space is leased.
The Company leases office space for its branch and sales offices at various locations throughout the country. On average, branch offices contain approximately 9,000 square feet and sales offices approximately 650 square feet.

Item 3. Legal Proceedings.

There are no material pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year ended May 31, 1995.

Part II

Item 5. Market for Registrant's Common Equity and Related

Security Holder Matters.

The information required is set forth in the Company's Annual Report under the heading "Common Stock Data" and is incorporated herein by reference.

Item 6. Selected Financial Data.

The information required is set forth in the Company's Annual Report under the heading "Selected Financial Data" and is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial

Condition and Results of Operations.

The information required is set forth in the Company's Annual Report under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The financial statements required are identified in Item 14 (a), and are set forth in the Company's Annual Report and incorporated herein by reference. Supplementary data required is set forth in the Company's Annual Report under the heading "Quarterly Financial Data" and is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on

Accounting and Financial Disclosure.

There has been no change in accountants or reported disagreements on accounting principles or practices or financial statement disclosures.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required is set forth in the Company's definitive Proxy Statement in the section entitled "Proposal 1 - Election of Directors" under the heading "Nominees for Election" and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required is set forth in the Company's definitive Proxy Statement in the section entitled "Executive Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required is set forth in the Company's definitive Proxy Statement under the heading "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

There were no relationships or related transactions required to be reported.

Part IV

Item 14. Exhibits, Financial Statements and Reports on Form 8-K.

(a) 1. Financial Statements and Supplementary Data

The following financial statements of the Company are incorporated herein by reference to the Company's Annual Report:

Report of Independent Auditors

Consolidated Statements of Income - Years ended May 31, 1995, 1994 and 1993

Consolidated Balance Sheets - May 31, 1995 and 1994

Consolidated Statements of Stockholders' Equity - Years ended May 31, 1995, 1994 and 1993

Consolidated Statements of Cash Flows - Years ended May 31, 1995, 1994 and 1993

Notes to Consolidated Financial Statements

2. Exhibits

(3) (a) Articles of Incorporation, as amended, incorporated herein by reference to the Company's Registration Statement No. 2-85103, Exhibits 3.1 through 3.5 and Form 8-K filed with the Commission on October 22, 1986 and Form 10-Q filed with the Commission on January 12, 1989 and Form 10-Q filed with the Commission on January 13, 1993.

(3) (b) By-Laws, as amended, incorporated herein by reference to the Company's Registration Statement No. 2-85103, Exhibit 3.6.

(10)(a) Paychex, Inc. 1987 Stock Incentive Plan, incorporated herein by reference to the Company's Registration Statement on Form S-8, No. 33-17780.

(10)(b) Paychex, Inc. 1992 Stock Incentive Plan incorporated herein by reference to the Company's Registration Statement on Form S-8, No. 33-52772.

(10)(c) Paychex, Inc. Section 401(k) Incentive Retirement Plan, incorporated herein by reference to the Company's Registration Statements on Form S-8, No. 33-19153 and No. 33-52838.

(10) (d) Paychex, Inc. - Pay-Fone Systems, Inc. 1993, 1990, 1987, 1983, 1981 Incentive Stock Option Plans and Director Non-Qualified Stock Option Agreements incorporated herein by reference to the Company's Registration Statement on Form S-8, No. 33-60255.

(13) Portions of the Annual Report to Security Holders for the Fiscal Year ended May 31, 1995. Such report, except for the portions thereof which are expressly incorporated by reference in this filing, is furnished for the information of the Commission and is not to be deemed "filed" as part of this filing.

(19) Previously unfiled documents - none.

(21) Subsidiaries of the registrant.

(23) Consents of experts and counsel.

(24) Powers of Attorney for Directors.

Item 14.(b)

A Form 8-K was filed on March 22, 1995, reporting that Paychex, Inc., Paychex Merger Corp., a wholly-owned subsidiary of Paychex, Inc. and Pay-Fone Systems, Inc. (Pay-Fone) a California corporation, entered into an Agreement and Plan of Merger whereby Pay-Fone will merge with Paychex, Inc. in a transaction involving Paychex, Inc. common stock valued at approximately $10,475,000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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.

Dated: August 18, 1995 By: /s/ B. Thomas Golisano

B. Thomas Golisano, Chairman, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: August 18, 1995 By: /s/ B. Thomas Golisano

B. Thomas Golisano, Chairman, Chief Executive Officer and Director

Dated: August 18, 1995 By: /s/ G. Thomas Clark

G. Thomas Clark, Vice President Finance, Secretary Treasurer and Director

Dated: August 18, 1995 By: /s/ Donald W. Brinckman*

Donald W. Brinckman, Director

Dated: August 18, 1995 By: /s/ Phillip Horsley*

Phillip Horsley, Director

Dated: August 18, 1995 By: /s/ Grant M. Inman*

Grant M. Inman, Director

Dated: August 18, 1995 By: /s/ Harry P. Messina, Jr.*

Harry P. Messina, Jr., Director

Dated: August 18, 1995 By: /s/ J. Robert Sebo*

J. Robert Sebo, Director

*By: /s/ B. Thomas Golisano

B. Thomas Golisano, as Attorney-in-Fact

EXHIBIT 13: PORTIONS OF THE ANNUAL REPORT TO SHAREHOLDERS FOR THE FISCAL YEAR ENDED MAY 31, 1995

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SECURITY HOLDER MATTERS.

The Company's common stock is traded in the over-the-counter market and quoted on the NASDAQ National Market System under the symbol "PAYX". The following is the high and low prices and dividends per share as adjusted for three-for-two stock splits in August, 1993 and May, 1995.

Year Ended May 31	1995 Market Price Per Share High	1995 Market Price Per Share Low	1995 Dividends Per Share	1994 Market Price Per Share High	1994 Market Price Per Share Low	1994 Dividends Per Share
1st Quarter	$23	$19	$.04	$22	$17 1/8	$.03
2nd Quarter	26 1/8	21 5/8	.06	25 1/8	20 1/2	.04
3rd Quarter	28	23 1/8	.06	27	21 3/8	.04
4th Quarter	32 1/2	26 3/8	.06	26 1/8	21 1/8	.04

As of June 30, 1995, there were 2,490 stockholders of record of the Company's common stock. The level of future dividends is necessarily dependent on the Company's future earnings and cash flow.

SELECTED FINANCIAL DATA.

The following table presents Selected Financial Data on the operations and financial condition of the Company. Dollars are in thousands, except per share amounts. Per share amounts and average shares outstanding have been adjusted for three-for-two stock splits in May, 1992, August 1993 and May, 1995.

Operating Data	1995	1994	1993	1992	1991
Revenue	$267,176	$224,052	$190,032	$161,272	$137,081
Operating costs	78,611	68,082	60,715	53,243	49,982
Selling, general & administrative expenses	137,554	119,187	102,660	89,301	73,816
Operating income	51,011	36,783	26,657	18,728	13,283
Percent of revenue	19.0	16.4	14.0	11.6	9.7
Investment income net of interest expense	3,362	2,203	1,370	819	765
Income before income taxes	54,373	38,986	28,027	19,547	14,048
Percent of revenue	20.3	17.4	14.7	12.1	10.3
Net income	39,040	28,070	19,955	13,702	9,623
Percent of revenue	14.6	12.5	10.5	8.5	7.0
Financial Position - End of Year					
Working capital	$ 97,558	$ 68,031	$ 46,389	$ 27,884	$ 19,221
Total assets	168,437	129,789	106,920	86,242	70,413
Long-term debt (including current portion)	728	948	1,634	2,024	2,408
Stockholders' equity	139,932	108,508	85,189	67,405	54,491
Common Stock Data					
Net income per share	.87	.63	.45	.31	.22
Cash dividends per share	.22	.15	.10	.07	.06
Average shares outstanding (in thousands)	44,926	44,789	44,595	44,279	44,064

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Company achieved another record year of revenue with a 19% increase over 1994. This compares to an 18% increase in 1994 versus 1993. Growth of clients utilizing the basic payroll service, the tax filing and payment feature (Taxpay) and improved interest rates on Taxpay investments were the major factors for the revenue increase in 1995. The Company provides payroll services for over 208,000 clients. More than 50% currently use the

Taxpay service, as compared to approximately 43% and 35% in 1994 and 1993, respectively.

Solid revenue gains were also achieved for the add-on payroll services of Electronic Salary Deposit and Check Signing and Inserting. In addition, revenue from the Human Resource Services Division increased more than 50% over the previous year as more clients utilized the personnel services and employee benefit products offered. During 1995, the Division introduced a 401(k) recordkeeping service which is now available in all Paychex branches.

Total company revenue is expected to continue to increase throughout the next fiscal year as a result of client base growth, modest price increase, and the continued acceptance of ancillary services.

Operating costs in 1995 decreased to 29% of revenue, from 30% and 32% in 1994 and 1993, respectively. During the current year, the Company continued its trend of more efficient processing and better cost controls. As a percentage of revenue, 1995 and 1994 expenses for processing wages, equipment maintenance charges, depreciation and delivery decreased when compared to their respective prior years. The Company anticipates fiscal 1996 operating costs, as a percentage of revenue, to remain relatively consistent with 1995.

Selling general and administrative expenses were 51% of revenue in 1995, down from 53% and 54% in 1994 and 1993, respectively. Decreased expenses in the current year resulted from lower general and administrative payroll and other costs, as a percentage of revenue. For the next fiscal year, selling, general and administrative expenses are expected to be slightly lower as a percentage of revenue.

The effective tax rate for 1995 and 1994 was 28% as compared to 29% in 1993. The lower 1994 rate was generally due to the increase of tax exempt interest income as a percentage of pretax income. In 1994, the 28% rate included a 1% increase in the Federal statutory rate. This 1994 increase was more than offset by lower State income taxes and a reduction in expenses due to the adoption of Financial Accounting Standards No. 109, "Accounting for Income Taxes". The effective tax rate for next year is expected to be consistent with the current year's rate and may be modestly impacted as the level of tax exempt interest income increases.
Effective June 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The Company determines the appropriate classification of investments at the time of purchase and reviews this designation as of each balance sheet date. For the current year, the Company classified investments as available-for-sale. As such, investments are stated at fair market value, with unrealized gain and losses, net of tax, included in retained earnings. The adoption of the statement did not have a significant effect on stockholder's equity.

Also effective June 1, 1994, the Company adopted Statement of Financial Accounting Standard No. 107, "Fair Value Disclosures About Financial Instruments". In accordance with the Statement, the Company has included additional disclosure of the fair value of financial instruments in footnotes A and B of the financial statements.

On March 20, 1995, the Company announced it signed an agreement to merge with Pay-Fone Systems, Inc., in a business combination accounted for as a pooling of interests. Upon consummation of the merger on June 15, 1995, the stockholders of Pay-Fone Systems, Inc. received approximately 357,000 shares of Paychex common stock. The merger will not have a significant impact of the Company's 1996 financial position and results of operations.

Liquidity and Capital Resources

Net cash provided by operating activities totaled $48,147,000 in 1995 as compared to $33,950,000 and $29,298,000 in 1994 and 1993, respectively. The increase was primarily due to record 1995 net income of $39,040,000, representing a 39% increase over 1994.

Net cash used in investing activities increased in 1995 when compared to 1994 and 1993 as a higher level of investment purchases continued to result from growth in the Company's cash provided by operations. Net cash used in investing activities decreased in 1994 when compared to 1993 resulting from a lower level of investment purchases and the sale of fixed income securities at favorable gains.

Expenditures for 1995 property and equipment acquisitions were 12,355,000, which increased modestly from 1994 spending of $11,583,000. The majority of the increase in 1994 over 1993 capital expenditures of $8,710,000 resulted from the purchase of laser printing equipment and office furniture and fixtures. Capital expenditures in 1996 are expected to range between $17,000,000 and $20,000,000. Increased capital spending in 1996 will result primarily from the installation of data processing, networking, and telecommunication equipment in branch offices. This spending will enhance the service provided to clients and promote processing efficiencies.

The quarterly cash dividend payment was increased during the second quarter of 1995 to $.06 per share. This resulted in an annual dividend payment of $.22 per share as compared to $.15 in 1994 and $.10 in 1993. On April 13, 1995, the Company declared a three-for-two stock split on outstanding shares distributed on May 25, 1995.

Projected cash flows are expected to be adequate to support normal business operations, planned capital expenditures and dividend payments. Furthermore, the Company has $200,000,000 of unsecured bank lines of credit available for its use. As of May 31, 1995, there were no outstanding borrowings under these lines of credit.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT AUDITORS, ERNST & YOUNG LLP

Board of Directors
Paychex, Inc.

We have audited the accompanying consolidated balance sheets of Paychex, Inc. and subsidiary as of May 31, 1995 and 1994, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended May 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Paychex, Inc. and subsidiary at May 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 31, 1995 in conformity with generally accepted accounting principles.

As discussed in Notes B and E to the financial statements, the Company changed its method of accounting for income taxes in fiscal year 1994 and for investments in fiscal year 1995.

Syracuse, New York /s/ERNST & YOUNG LLP
June 30, 1995

CONSOLIDATED STATEMENTS OF INCOME

PAYCHEX, INC. AND SUBSIDIARY
<TABLE>
<CAPTION>

	Year Ended May 31		
	1995	1994	1993
	(in thousands, except per share amounts)		
<S>	<C>	<C>	<C>
Revenue	$267,176	$224,052	$190,032
Operating costs	78,611	68,082	60,715
Selling, general and administrative expenses	137,554	119,187	102,660
OPERATING INCOME	51,011	36,783	26,657
Other income (expense)			
Investment income	3,534	2,310	1,486
Interest expense	(172)	(107)	(116)
INCOME BEFORE INCOME TAXES	54,373	38,986	28,027
INCOME TAXES	15,333	10,916	8,072

NET INCOME	$ 39,040	$ 28,070	$ 19,955
NET INCOME PER SHARE	$ .87	$ .63	$ .45
CASH DIVIDENDS PER SHARE	$ .22	$ .15	$ .10
Weighted average shares outstanding	44,926	44,789	44,595

</TABLE>

See notes to financial statements.

CONSOLIDATED BALANCE SHEETS

PAYCHEX, INC. AND SUBSIDIARY

<TABLE>
<CAPTION>

	May 31 1995	May 31 1994
	(in thousands)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,942	$ 14,605
Investments	70,753	40,991
Interest Receivable	6,699	4,867
Trade accounts receivable	30,772	22,812
Prepaid expenses and other current assets	1,743	2,291
Deferred income taxes	1,310	1,435
TOTAL CURRENT ASSETS	124,219	87,001
PROPERTY AND EQUIPMENT		
Land and improvements	2,779	2,718
Buildings	21,304	21,183
Data processing equipment	33,980	42,818
Furniture, fixtures and equipment	29,135	25,199
Leasehold improvements	1,528	1,070
	88,726	92,988
Less allowance for depreciation and amortization	45,019	50,572
NET PROPERTY AND EQUIPMENT	43,707	42,416
OTHER ASSETS	511	372
TOTAL ASSETS	$168,437	$129,789

</TABLE>
<TABLE>
<CAPTION>

	May 31 1995	May 31 1994
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 3,519	$ 3,487
Accrued compensation and related items	13,162	9,585
Accrued income taxes	682	-0-
Other accrued expenses	6,116	2,906
Deferred revenue	2,977	2,772
Current portion of long-term debt	205	220
TOTAL CURRENT LIABILITIES	26,661	18,970

OTHER LIABILITIES		
Long-term debt	523	728
Unamortized lease incentives	557	885
Deferred income taxes	764	698
	-------	--------
TOTAL LIABILITIES	28,505	21,281
STOCKHOLDERS' EQUITY		
Common Stock, $.01 par value, authorized 50,000,000 shares: Issued 45,031,716 in 1995 and 29,907,406 in 1994	450	299
Additional capital	17,727	15,778
Retained earnings	121,755	92,431
	--------	--------
TOTAL STOCKHOLDERS' EQUITY	139,932	108,508
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$168,437	$129,789
	========	========

</TABLE>
See notes to financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
PAYCHEX, INC. AND SUBSIDIARY
<TABLE>
<CAPTION>

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Capital	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance at May 31, 1992	19,766	198	11,756	55,451	67,405
Exercise of stock options	102	1	1,288		1,289
Tax benefit from stock option transactions			902		902
Dividends paid				(4,362)	(4,362)
Net income				19,955	19,955
	------	-----	-------	-------	--------
Balance at May 31, 1993	19,868	199	13,946	71,044	85,189
Exercise of stock options	100	1	758		759
Tax benefit from stock option transactions			1,074		1,074
Shares issued in connection with three-for-two stock split	9,939	99		(111)	(12)
Dividends paid				(6,572)	(6,572)
Net income				28,070	28,070
	------	-----	-------	-------	--------
Balance at May 31, 1994	29,907	$ 299	$15,778	$92,431	$108,508
Exercise of stock options	116	1	1,261		1,262
Tax benefit from stock option transactions			688		688
Shares issued in connection with three-for-two stock split	15,009	150		(168)	(18)
Adjustment to the beginning balance of investments to recognize the net unrealized holding loss on available-for-sale securities (FAS115), net of income taxes of $140				(206)	(206)
Adjustment to unrealized loss on investments, net of income taxes of $372				546	546
Dividends paid				(9,888)	(9,888)
Net income				39,040	38,040
	------	------	------	-------	------
Balance at May 31, 1995	45,032	$450	$17,727	$121,755	$139,932
	======	====	=======	========	========

</TABLE>
See notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
PAYCHEX, INC. AND SUBSIDIARY
<TABLE>
<CAPTION>

	Year Ended May 31 1995	1994	1993
	----	----	----
	(in thousands)		
<S>	<C>	<C>	<C>

OPERATING ACTIVITIES			
Net income	$39,040	$ 28,070	$ 19,955
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	11,040	11,205	10,707
Provision for deferred income taxes	(41)	(745)	(621)
Provision for bad debts	847	762	748
Net realized gain on sales of available-for-sale securities	(26)	(266)	(134)
Changes in operating assets and liabilities:			
Trade accounts receivable	(8,807)	(4,685)	(1,962)
Accrued interest receivable	(1,832)	(1,574)	(1,253)
Prepaid expenses and other current assets	548	321	(1,470)
Trade accounts payable and other current liabilities	7,626	100	2,410
Deferred revenue	205	1,373	837
Change in unamortized lease incentives	(453)	(611)	81
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,147	33,950	29,298
INVESTING ACTIVITIES			
Investment purchases of available-for-sale securities	(51,421)	(28,604)	(32,653)
Proceeds from sales of available-for-sale securities	20,757	20,381	12,790
Proceeds from maturities of available-for-sale securities	1,500	590	1,715
Additions to property and equipment, net of disposals	(12,268)	(11,321)	(8,671)
Net change in other assets	(202)	23	(110)
NET CASH USED IN INVESTING ACTIVITIES	(41,634)	(18,931)	(26,929)
FINANCING ACTIVITIES			
Payments on long-term debt	(220)	(686)	(390)
Proceeds and tax benefit from exercise of stock options	1,950	1,833	2,191
Dividends paid	(9,888)	(6,572)	(4,362)
Payment in lieu of issuance of fractional shares	(18)	(12)	-
NET CASH USED IN FINANCING ACTIVITIES	(8,176)	(5,437)	(2,561)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,663)	9,582	(192)
CASH & CASH EQUIVALENTS, Beginning of Fiscal Year	14,605	5,023	5,215
CASH & CASH EQUIVALENTS, End of Fiscal Year	$12,942	$ 14,605	$ 5,023

</TABLE>
See notes to financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAYCHEX, INC. AND SUBSIDIARY

MAY 31, 1995

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

Business Activities: The Company is an integrated provider of automated payroll, payroll tax payment and filing and human resource services for small and medium sized businesses nationwide.

In connection with Taxpay, its automated tax payment and filing service, the Company collects payroll taxes, files the applicable tax returns, and pays taxes due to the appropriate taxing authorities. In addition, the Company's Direct Deposit service collects net payroll from client accounts and provides automatic salary deposit for employees. During the short period between collection and payment, the Company invests these client funds in municipal money market funds and investment grade municipal securities without significant concentration in any one issuer. The amount of client funds held by Paychex for the Taxpay and Direct Deposit services fluctuates significantly during the year. At May 31, 1995 and 1994, the total Taxpay and Direct Deposit funds held by Paychex were $470,847,000 and $340,675,000, respectively. These client funds and the related tax and payroll obligations are neither assets nor liabilities of the Company and, therefore, are not included in the accompanying financial statements. Related income earned from these investments is included in revenue.

Principles of Consolidation: On January 1, 1994, the Company created the Paychex Management Corp. (PMC), a wholly-owned subsidiary, to provide treasury management services to the parent company. The consolidated financial statements include the accounts of Paychex, Inc. and PMC. All intercompany accounts and transactions have been eliminated in consolidation.

Cash Equivalents: Cash equivalents consist of money market and municipal bond funds and other investments with a maturity of three months or less when purchased. Amounts reported in the balance sheet approximate fair value.

Investments: Investments consist of investment grade municipal securities issued by various governmental agencies. The fair value of investments is determined based on information received from an independent pricing service. Realized gains and losses on sales of investments are based on cost. No individual issue comprises greater than 1% of total assets. Effective June 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115 (FAS 115), "Accounting for Certain Investments in Debt and Equity Securities". In accordance with the Statement, prior period financial statements have not been restated to reflect the change in accounting principle. Investments are classified as available-for-sale and are recorded at fair value with unrealized gains and losses reported as a component of stockholders' net equity, net of applicable taxes. The adoption had no effect on net income. The impact of adopting FAS 115 was to decrease stockholders' equity by $206,000 (net of $140,000 of deferred income taxes) at June 1, 1994 to reflect the unrealized loss on securities at the beginning of the fiscal year.

Also effective June 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 107 (FAS 107), "Fair Value Disclosures About Financial Instruments". This standard requires disclosure of fair value information on financial instruments. (See Note B).

Property and Equipment: These assets are stated at cost. Major renewals and betterments are charged to the property accounts, while replacements and maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by the straight-line method over the estimated useful lives of related assets.

Software Development and Enhancement: The Company incurs certain costs to enhance its computer programs and to maintain them in compliance with changes in state and federal payroll tax requirements. All such costs are expensed as incurred. Expenditures for major software purchases are capitalized and amortized by the straight-line method over the estimated useful lives of the related assets.

Deferred Revenue: The Company defers revenue on certain services billed in advance. The revenue is recognized upon completion of these services.

Income Taxes: Effective June 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes". The cumulative effect of the accounting change was not material to net income for the year ended May 31, 1994.

Prior to the adoption of FAS 109, income tax expense was determined using the deferred method in accordance with Accounting Principles Board Opinion 11 (APB 11).

Earnings Per Share: Earnings per share are based on the weighted average shares outstanding in each year. Common stock equivalents resulting from stock options have not been included as their impact is not material.

Reclassifications: Certain amounts from prior years are reclassified to conform to 1995 presentations.

NOTE B -- INVESTMENTS

In accordance with Statement of Financial Accounting Standards No. 115 (FAS 115), "Accounting for Certain Debt and Equity Securities", the Company classifies all securities as available-for-sale. The securities are held at fair value with unrealized gains and losses reported as a separate component of stockholders' equity, net of taxes.

<TABLE>
<CAPTION>

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>

May 31, 1995 Municipal Securities	$70,181	$ 681	$ 109	$ 70,753
May 31, 1994 Municipal Securities	$40,991	$ 152	$ 498	$ 40,645

</TABLE>

Net realized gains and losses on sales of available-for-sale securities are included in investment income on the Consolidated Statements of Income. Gross realized gains and losses for 1995, 1994 and 1993, were as follows:

<TABLE>
<CAPTION>

<S>	1995 <C>	1994 <C>	1993 <C>
Gross realized gains	$ 69	$277	$137
Gross realized losses	$ 43	$ 11	$ 3

</TABLE>

The amortized cost and estimated fair value of debt securities at May 31, 1995, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations without prepayment penalties.

(in thousands)	Cost	Estimated Fair Value
Maturity Date		
1 Year or less	$ 4,742	$ 4,778
1 to 3 Years	12,350	12,377
3 Years and Over	53,089	53,598
Total	$ 70,181	$ 70,753

NOTE C--LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>
<CAPTION>

<S>	May 31 1995 (in thousands) <C>	May 31 1994 (in thousands) <C>
Industrial Revenue Bonds	$ 728	$ 948
Less current portion	205	220
	$ 523	$ 728

</TABLE>

The Industrial Revenue Bonds require annual principal payments in decreasing amounts ranging from $205,000 to $143,000 for the next four years. Interest payments are required semi-annually in April and October through 1999. Interest expense for the three year period presented reflects interest at approximately 6.9%. Among other things, the Company agreed to maintain certain levels of working capital, tangible net worth and other income and debt related ratios. The amount reported on the balance sheet approximates the fair value of the Industrial Revenue Bonds.

The bonds are secured by a $931,000 irrevocable letter of credit. Land and building with net book value of $1,986,000 are pledged as collateral for the letter of credit.

The Company has available unsecured lines of credit from various banks totaling $200,000,000. No amounts were outstanding against the lines of credit at May 31, 1995.

NOTE D--STOCKHOLDERS' EQUITY

On April 13, 1995, the Company declared a three-for-two stock split effected in the form of a 50% stock dividend on outstanding shares distributed May 25, 1995 to holders of record on May 2, 1995. On July 8, 1993, the Company declared a three-for-two stock split effected in the form of a 50% stock dividend on outstanding shares distributed August 26, 1993 to holders of record on August 2, 1993. All common share and per share data included in the financial statements and footnotes are restated to reflect the stock splits.

The Company reserved 1,687,500 shares of common stock for issuance under the 1992 Stock Incentive Plan. The 1987 Stock Incentive Plan expired on August 31, 1992; however, options to purchase 578,303 shares under the plan remain outstanding. Incentive or non-qualified options may be granted at prices not less than 100% of the fair market value of the common stock at the date of the grant, unless the employee owns more than 10% of the outstanding common stock, in which case the option price for incentive stock options only must not be less than 110% of the fair market value.

Outstanding options are generally exercisable in cumulative annual installments ranging from 20% to 50% and expire up to ten years after the date of grant.

Stock options are not recognized for accounting purposes until they are exercised, at which time the proceeds are credited to the capital accounts. With respect to non-qualified options, the Company recognizes a tax benefit upon exercise in an amount equal to the tax effect of the difference between the option price and the fair market value of the common stock. With respect to incentive stock options, tax benefits arising from disqualifying dispositions are recognized at the time of disposition. Tax benefits related to stock options are credited to additional capital.
A summary of stock option activity is as follows:
<TABLE>
<CAPTION>

	Number of Equivalent Shares
<S>	<C>
Balance May 31, 1992	1,134,368
Issued	282,600
Exercised	(231,105)
Canceled	(28,350)
Balance May 31, 1993	1,157,513
Issued	357,600
Exercised	(157,622)
Canceled	(33,996)
Balance May 31, 1994	1,323,495
Issued	227,700
Exercised	<171,186>
Canceled	<44,716>
	1,335,293
Balance May 31, 1995	
Exercisable May 31, 1995 Prices range from $4.48 to $12.78	695,993

</TABLE>

NOTE E--INCOME TAXES

Effective June 1, 1993, the Company adopted Statement of Accounting Standards No. 109, "Accounting for Income Taxes" which recognizes deferred tax assets and liabilities based on the future tax effects attributable to differences between the tax basis of an asset or liability and its reported amount in the financial statements. As allowed under the statement, prior years' financial statements have not been restated.

Significant components of the deferred tax assets and liabilities as of May 31, 1995 and 1994 are as follows (in thousands):
<TABLE>
<CAPTION>

Deferred tax assets:	1995	1994
<S>	<C>	<C>
Allowance for bad debts	$ 677	$ 544
Accrued vacation pay	1,255	1,084
Reserve for future medical claims	310	268
Other expenses not currently deductible	655	421
Total deferred tax assets	$ 2,897	$2,317
Deferred tax liabilities:		
Revenue not subject to current taxes	$ 1,297	$ 828
Depreciation	765	692
Other	57	60
Unrealized gain on available-for-sale securities	232	-0-

Total deferred tax liabilities	$ 2,351	$1,580
Net deferred tax assets	$ 546	$ 737
Classification of Net Deferred Tax Assets:		
Current Assets	$ 1,310	$1,435
Other Liabilities	(764)	$ (698)

</TABLE>
Income tax expense consists of:
<TABLE>
<CAPTION>

	Liability Method 1995	1994	Deferred Method 1993
Current:			
<S>	<C>	<C>	<C>
Federal	$11,404	$ 8,593	$6,300
State	3,970	3,068	2,393
Total Current	$15,374	$11,661	$8,693
Deferred:			
Federal	<31>	(662)	(495)
State	<10>	(83)	(126)
Total Deferred (credit)	<41>	(745)	(621)
	$15,333	$10,916	$8,072

</TABLE>

Below is an analysis reconciling the statutory federal income tax rate to the effective tax rates shown in the consolidated statements of income:

<TABLE>
<CAPTION>

	Liability Method 1995	1994	Deferred Method 1993
<S>	<C>	<C>	<C>
Federal statutory rate	35.0%	35.0%	34.0%
Increase (decrease) resulting from:			
State income taxes, net of federal benefit	4.7	5.0	5.3
Tax exempt municipal bond interest	<12.2>	(11.5)	(11.0)
Other items	.7	(.5)	.5
Effective tax rate	28.2%	28.0%	28.8%

</TABLE>
For the fiscal year ended May 31, 1993, deferred income taxes resulted from timing differences in the recognition of revenue and expense for tax and financial reporting purposes. The components of the provision for deferred taxes were as follows:
<TABLE>
<CAPTION>

	1993
<S>	<C>
Revenue not subject to current tax	$ 65
Expenses not currently deductible	(493)
Depreciation	(184)
Other	(9)
Total deferred (credit)	$(621)

</TABLE>
NOTE F--COMMITMENTS & CONTINGENCIES

The Company leases office space under the terms of various operating leases. Certain of the underlying agreements contain incentives eliminating or modifying lease payments at the inception of the lease. These incentives are amortized on a straight-line basis over the entire lease term. Amounts expected to be amortized within the next fiscal year are included in other accrued expenses. These amounts were $424,000 and $549,000 at May 31, 1995 and 1994, respectively.

Rental expense for all leases on office facilities amounted to approximately $10,580,000 in 1995, $9,410,000 in 1994 and $8,321,000 in 1993.

The Company also leases data processing equipment under various operating leases. These obligations extend through 1997. Related equipment lease payments were $2,890,000, $1,103,000 and $1,583,000 in 1995, 1994 and

1993, respectively. All leases contain purchase options at prices representing the fair value of the equipment at the expiration of the lease term.

Future minimum lease payments under various facilities and equipment operating leases consist of the following (in thousands):

<TABLE>
<CAPTION>

<S>	<C>
1996	$14,256
1997	11,556
1998	7,386
1999	4,770
2000	2,519
Thereafter	1,783

Total minimum lease payments	$42,270

</TABLE>

The Company is a defendant in various lawsuits as a result of normal operations and in the ordinary course of business. Management believes the outcome of these lawsuits will not have a material effect on the financial statements.

NOTE G--EMPLOYEE BENEFITS

The Company has a 401(k) Incentive Retirement Plan which allows all employees with one or more years of service to participate. The Company currently matches 50% of an employee's voluntary contribution up to a maximum of 3% of eligible compensation. Company contributions were $1,815,000 $1,516,000 and $1,229,000 for 1995, 1994 and 1993, respectively.

NOTE H--SUPPLEMENTAL CASH FLOW DISCLOSURES

Interest paid in 1995, 1994 and 1993 was $174,000, $138,000 and $176,000, respectively. Income tax payments totaled $13,831,000, $11,633,000 and $7,142,000 in 1995, 1994 and 1993, respectively.

NOTE I -- MERGER AGREEMENT

On March 17, 1995, the Company and Pay-Fone, Inc. agreed in principle that all of the outstanding common stock of Pay-Fone, Inc., would be acquired by the Company in a business combination accounted for as a pooling of interests. Upon consummation of the merger on June 15, 1995, the stockholders of Pay-Fone Systems, Inc. received approximately 357,000 shares of Paychex common stock. The merger will not have a significant impact of the Company's 1996 financial position and results of operations.

Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

(in thousands, except per share amounts)	Aug. 31	Nov. 30	Feb. 28	May 31	Year
<S>	<C>	<C>	<C>	<C>	<C>
1995					
Revenue	$62,923	$63,766	$68,638	$71,849	$267,176
Operating income	12,902	12,924	11,979	13,206	51,011
Net income	9,551	9,638	9,348	10,503	39,040
Net income per share	.21	.22	.21	.23	.87
1994					
Revenue	$53,330	$54,310	$57,572	$58,840	$224,052
Operating income	9,059	9,638	8,634	9,452	36,783
Net income	6,919	7,103	6,649	7,399	28,070
Net income per share	.15	.16	.15	.17	.63

</TABLE>

Note: Per share amounts have been adjusted for three-for-two stock splits in August 1993 and May 1995.

EXHIBIT 21: SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiaries	Jurisdiction of Incorporation
Paychex Management Corp.	New York
Pay-Fone Systems, Inc.	California

EXHIBIT 23: CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Paychex, Inc. of our report dated June 30, 1995, included in the fiscal 1995 Annual Report to Shareholders of Paychex, Inc.

We also consent to the incorporation by reference, in the registration statements outlined below, of our report dated June 30, 1995, with respect to the consolidated financial statements incorporated herein by reference of Paychex, Inc. included in the Annual Report (Form 10-K) for the year ended May 31, 1995.

a. Form S-8 - Paychex, Inc. 1987 Stock Incentive Plan - as filed with the Securities and Exchange Commission on October 9, 1987 No. 33-17780) together with Post Effective Amendment No. 1 filed on November 13, 1992.

b. Form S-8 - Paychex 401(k) Incentive Retirement Plan - as filed with the Securities and Exchange Commission on December 18, 1987 (No. 33-19153) together with Post Effective Amendment No. 1 filed November 29, 1988.

c. Form S-8 - Paychex, Inc. 1992 Stock Incentive Plan - as filed with the Securities and Exchange Commission on October 2, 1992 (No. 33-52772).

d. Form S-8 - Paychex, Inc. 401(k) Incentive Retirement Plan - as filed with the Securities and Exchange Commission on October 2, 1992 (No. 33-52838).

e. Form S-4 - Paychex, Inc. Registration Statement - as filed with the Securities and Exchange Commission on April 14, 1995 (No. 33-58619) together with Post Effective Amendment No. 1 filed May 18, 1995.

f. Form S-8 - Pay-Fone Systems, Inc. 1993, 1990, 1987, 1983, 1981 Incentive Stock Option Plans and Director Non-Qualified Stock Option Agreements, as filed with the Securities and Exchange Commission on June 15, 1995 (No. 33-60255).

Syracuse, New York ERNST & YOUNG LLP
August 17, 1995

EXHIBIT 24: POWERS OF ATTORNEY FOR DIRECTORS

The undersigned Directors of Paychex, Inc. do hereby constitute and appoint B. Thomas Golisano their true and lawful attorney and agent, to execute the Paychex, Inc. Annual Report on Form 10-K for the fiscal year ended May 31, 1995, for us and in our names as directors, to comply with the Securities Exchange Act of 1934, and the rules, regulations and requirements of the Securities and Exchange Commission, in connection therewith.

Dated: August 18, 1995

/s/ Donald W. Brinkman

Donald W. Brinkman

/s/ Phillip Horsley

Phillip Horsley

/s/ Grant M. Inman

Grant M. Inman

/s/ Harry P. Messina, Jr.

Harry P. Messina, Jr.

/s/ J. Robert Sebo

J. Robert Sebo

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MAY
31,1995 FINANCIAL STATEMENTS OF PAYCHEX, INC. AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000723531
<NAME> PAYCHEX, INC.
<MULTIPLIER> 1000
<CURRENCY> US

<S>   <C>
<PERIOD-TYPE>   12-MOS
<FISCAL-YEAR-END>   MAY-31-1995
<PERIOD-START>   JUN-01-1994
<PERIOD-END>   MAY-31-1995
<EXCHANGE-RATE>   1
<CASH>   12,942
<SECURITIES>   70,753
<RECEIVABLES>   37,471
<ALLOWANCES>   0
<INVENTORY>   0
<CURRENT-ASSETS>   124,219
<PP&E>   88,726
<DEPRECIATION>   45,019
<TOTAL-ASSETS>   168,437
<CURRENT-LIABILITIES>   26,661
<BONDS>   728
<COMMON>   450
<PREFERRED-MANDATORY>   0
<PREFERRED>   0
<OTHER-SE>   139,932
<TOTAL-LIABILITY-AND-EQUITY>   168,437
<SALES>   267,176
<TOTAL-REVENUES>   267,176
<CGS>   216,165
<TOTAL-COSTS>   216,165
<OTHER-EXPENSES>   0
<LOSS-PROVISION>   0
<INTEREST-EXPENSE>   172
<INCOME-PRETAX>   54,373
<INCOME-TAX>   15,333
<INCOME-CONTINUING>   39,040
<DISCONTINUED>   0
<EXTRAORDINARY>   0
<CHANGES>   0
<NET-INCOME>   39,040
<EPS-PRIMARY>   .87
<EPS-DILUTED>   .87

</TABLE>