

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

PAYCHEX, INC.

(Exact name of issuer as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

16-1124166
(I.R.S. Employer
Identification No.)

911 Panorama Trail South
Rochester, New York 14625
(Address of principal executive offices)

PAYCHEX, INC. 401(k)

INCENTIVE RETIREMENT PLAN

John M. Morphy, Vice President and Chief Financial Officer

Paychex, Inc.
911 Panorama Trail South
Rochester, New York 14625
Telephone (716) 385-6666
(Name, address and telephone number of agent for service)

Copies of Communications to:
Harry P. Messina, Jr., Esq.
Woods, Oviatt, Gilman, Sturman & Clarke LLP
700 Crossroads Building
Rochester, New York 14614
Telephone (716) 987-2800

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock \$.01 par value	5,000,000 (1) shares	\$29.625 (2)	\$148,125,000 (2)	\$41,178.75

(1) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(2) This calculation is made pursuant to Rule 457(h) under the Securities Act of 1933, as amended, solely for the purpose of determining the amount of the registration fee and is based upon the average of the high and low prices of Paychex, Inc. common stock on July 27, 1999.

Part I

INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to each employee who is eligible to participate as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended. These documents and the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act of 1933, as amended.

Part II

Item 3. Incorporation of Documents by Reference

The following documents which have been filed with the Securities and Exchange Commission are incorporated by reference as of their respective dates are a part hereof:

- (a) The Company's Annual Report on Form 10-K for the year ended May 31, 1998;
- (b) The Company's Current Reports on Form 8-K filed July 2, 1998 and September 15, 1998, October 1, 1998 and June 29, 1999;
- (c) The Company's Annual Report for the Paychex, Inc. 401(k) Incentive Retirement Plan on Form 11-K for the year ended December 31, 1998, filed on June 25, 1999;
- (d) The Company's Proxy Statement for the Annual Meeting of Stockholders held on October 1, 1998; and
- (e) The description of the Common Stock contained in the Company's Registration Statement on Form S-1 (No. 2-85103) and in any amendment or report filed for the purpose of amending such description.

Additionally, all documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, prior to the filing of a post-effective amendment hereto which indicates that all of the shares of the Common Stock offered hereby have been sold or which deregisters all such shares then remaining unsold, shall be deemed to be incorporated by reference herein and to be part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

Item 5. Interests of Named Experts and Counsel

Woods, Oviatt, Gilman, Sturman & Clarke LLP, 700 Crossroads Building, Rochester, New York 14614 is legal counsel to the Company and to the Plan. A partner of that firm is a director of the Company and has in the past been a recipient of option grants under predecessor plans. Attorneys in that firm beneficially own 417,731 shares of Common Stock on July 21, 1999.

Item 6. Indemnification of Directors and Officers

The general effect of any statute, charter provisions, bylaws, contract or other arrangements under which any controlling person, director officer of the registrant is insured or indemnified in any manner against liability which he may incur in his capacity as such is set forth as follows:

The Company is incorporated in Delaware and, therefore, is subject to the Delaware General Corporation Law (the "Delaware Law"). The Delaware Law provides a detailed statutory framework covering indemnification of directors and officers who have been or are threatened to be made defendants in legal proceedings by reason of their service as directors or officers of the Company.

Section 145 of the Delaware Law provides that a director or officer of a corporation for all expenses of such litigation when he is successful on the merits (ii) may be indemnified by the corporation for the expenses, judgments, fines and amounts paid in settlement of third party proceedings (such as antitrust claims, denial of civil rights, failure to honor employment contracts) even if he is not successful on the merits, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation (and, in the case of a criminal proceeding, had no reason to believe his conduct was unlawful), and (iii) may be indemnified by the corporation for expenses alone in a derivative suit (a suit by a stockholder alleging a breach by a director or officer of a duty owed to the corporation), even if he is not successful on the merits, but

only if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. No indemnification is provided under (iii) above if the director or officer is adjudged to be liable to the corporation unless a court determines that, despite such adjudication but in view of all of the circumstances, he is entitled to indemnification. Unless ordered by a court, the indemnification described in clauses (ii) and (iii) above shall be made only upon a determination, by (a) a majority of a quorum of disinterested directors, (b) independent legal counsel or (c) the stockholders, that indemnification is proper because the applicable standard of conduct has been met. The corporation may advance the indemnification described in clauses (ii) and (iii) to a director or officer upon receipt of an undertaking by such director or officer to repay such expenses if it is ultimately determined that he is not entitled to be indemnified for them.

In addition, the Company has entered into an Indemnity Agreement with each of its officers and directors. The Agreement alters or clarifies the statutory indemnity in the following respects: (i) indemnity is explicitly provided for settlements in derivative actions, (ii) the Company is obligated to advance a director's or officer's expenses of defending an action against him if the director or officer undertakes to repay such advances if he is ultimately found not to be entitled to indemnification or he is otherwise reimbursed for the expenses, (iii) indemnification is mandatory unless a determination is made that the director or officer has not met the required standard, (iv) the director or officer is permitted to petition a court to determine whether his actions met the standard required and the burden is placed on the Company to prove that the director's and officer's conduct did not meet the required standard, and (v) partial indemnification is permitted in the event that the director or officer is not entitled to full indemnification.

In addition, the following provision is contained in the Company's Certificate of Incorporation: "No director shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for paying a dividend or approving a stock repurchase which was illegal under Section 174 (or any successor section) of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. The foregoing provisions shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provisions become effective."

Item 8. Exhibits

4.1 Paychex, Inc. 401(k) Incentive Retirement Plan consisting of:

- (a) Invesco Trust Company Defined Contribution Master Plan and Trust Agreement (Basic Plan Document #01).
- (b) Adoption Agreement, effective January 1, 1996.
- (c) Amendment made January 1, 1997.
- (d) Amendment made September 29, 1997.
- (e) Amendment made July 1, 1998.
- (f) Amendment made July 22, 1998.

5.1 IRS Determination Letter dated April 28, 1995.

23.1 Consent of Ernst & Young LLP.

24.1 Powers of Attorney.

Item 9. Undertakings

The Company hereby undertakes: (3) to file, during any period in which offers or sales of the Common Stock are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided that if the information required in clauses (i) and (ii) above to be included in a post-effective amendment hereto is contained in one or more periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, no post-effective

amendment hereto shall be required; (4) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and (5) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Additionally, the undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rochester, State of New York on July 29, 1999.

PAYCHEX, INC.,
(Registrant)

By: /s/ John M. Morphy

John M. Morphy, Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ B. Thomas Golisano B. Thomas Golisano	President, Chairman of the Board and Chief Executive Officer	July 29, 1999
/s/ John M. Morphy John M. Morphy	Vice President, Chief Financial Officer, Principal Accounting Officer and Secretary	July 29, 1999
*Steven D. Brooks Steven D. Brooks	Director	July 29, 1999
*David J.S. Flaschen David J.S. Flaschen	Director	July 29, 1999
*Phillip Horsley Phillip Horsley	Director	July 29, 1999
*Grant M. Inman Grant M. Inman	Director	July 29, 1999
*Harry P. Messina, Jr. Harry P. Messina, Jr.	Director	July 29, 1999
*J. Robert Sebo J. Robert Sebo	Director	July 29, 1999

*By: /s/ B. Thomas Golisano
B. Thomas Golisano, Attorney-in-Fact

The Plan has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rochester, State of New York, on the 29th day of July, 1999.

PAYCHEX, INC. 401(k)
INCENTIVE RETIREMENT PLAN

By: /S/ John M. Morphy

John M. Morphy, Chairman
401(k) Committee

EXHIBIT 4.1(f) - AMENDMENT TO THE
PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
AND PLAN MERGER AGREEMENT
EFFECTIVE: JULY 22, 1998

This Amendment to the Paychex, Inc. 401(k) Incentive Retirement Plan is made and entered into on the 22nd day of July, 1998, by and between Paychex, Inc. (hereafter the "Employer"), Paychex Business Solutions, Inc. (hereafter the "Merging Employer") and INVESCO Trust Company (hereinafter the "Trustee").

WHEREAS, the Employer established the Paychex, Inc. 401(k) Incentive Retirement Plan (hereafter the "Receiving Plan") effective July 1, 1984; and

WHEREAS, the "Merging Employer" established the Paychex Business Solutions 401(k) Retirement Savings Plan (hereafter the "Merging Plan") effective January 1, 1992; and

WHEREAS, the Employer and the Trustee of the Receiving Plan have specific authority under the Master Plan and Trust Agreement to enter into this amendment to Plan and Plan Merger Agreement.

WHEREAS, the Employer and Merging Employer Plan deem it is in the best interest of the participants and beneficiaries of the Merging Plan and Receiving Plan to merge the two Plans effective July 1, 1998, with the Receiving Plan as the surviving Plan, and to accept the transfer of plan assets, or to transfer plan assets, as may be required by any such merger.

NOW THEREFORE, the Employer, the Merging Employer and the Trustee of the Receiving Plan do hereby agree as follows:

- (1) Section 1.29 of the Adoption Agreement of the Receiving Plan is hereby amended to credit service with Paychex Business Solutions, Inc. for all purposes of the Plan.
- (2) Sections 6.03(e)(2) and 6.03(j)(2) of the Adoption Agreement of the Receiving Plan are hereby amended to provide that participants in the Merging Plan may make in-service withdrawals from the vested balances in their "Merger Accounts" as of July 1, 1998, after attaining age 59 1/2.
- (3) TRANSFER OF ASSETS. The Merging Plan shall transfer and assign directly to the Receiving Plan the "Merger Account" for each participant in the Merging Plan. The Merger Account is defined as the single sum value of the participant's accrued benefit under the Merging Plan determined in accordance with provision of such Plan as of the date of transfer.
- (4) HOLDING AND INVESTMENT OF ASSETS. The Employer and the Trustee shall hold, invest, administer and distribute the assets transferred and assigned in accordance with the terms of the Receiving Plan, as amended and restated herein.
- (5) PARTICIPANT ACCOUNT. With respect to the account balances of the participants under the Merging Plan, the following conditions shall apply;
 - a. The sum of the account balances of the participants under the Merging Plan will be 100 percent vested prior to transfer and under the Receiving Plan immediately prior to the transfer and assignment shall equal the fair market value of the entire assets of the Receiving Plan immediately after the transfer and assignment;
 - b. Immediately after the transfer and assignment, each participant shall have an account balance in the Receiving Plan equal to the sum of the Merger Account the participant had in the Merging Plan, if any, and the amount the participant had in the Receiving Plan, if any;
 - c. The transfer of the account shall not eliminate any Code (411(d)(6)) protected benefit provided by the Merger.
- (1) UPDATE OF PLAN. Any amendment and restatement of the Receiving Plan in order to bring the Plan compliance with current legislation and regulations shall be made retroactively as prescribed by the regulations and shall be considered as having been made to the Merging Plan as of the date of the merger.
- (2) BINDING EFFECT. The terms and conditions of this Merger Agreement shall bind the Employer and the Trustee (and their successors) of the Receiving Plan and shall operate as if fully set forth within the Receiving Plan.

(3) EFFECTIVE DATE. The effective date of this Merger Agreement is July 1, 1998, and the transfer and assignment of account balances in the Merging Plan to the Receiving Plan shall take place as of March 30, 1998.

PAYCHEX, INC.

/S/ AUGUSTINE MELENDEZ
BY: _____
DIRECTOR, HUMAN RESOURCES
Title _____

PAYCHEX BUSINESS SOLUTIONS, INC.

/S/ JOHN M. MORPHY
BY: _____
VICE PRESIDENT, CHIEF FINANCIAL
OFFICER
Title _____

INVESCO

/S/ RICHARD L.S. GIRARD
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CHAIRPERSON 401(k) COMMITTEE
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WHEREAS, the Employer and Merging Employer Plan deem it is in the best interest of the participants and beneficiaries of the Merging Plan and Receiving Plan to merge the two Plans effective July 1, 1998, with the Receiving Plan as the surviving Plan, and to accept the transfer of plan assets, or to transfer plan assets, as may be required by any such merger.

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 - a. The sum of the account balances of the participants under the Merging Plan will be 100 percent vested prior to transfer and under the Receiving Plan immediately prior to the transfer and assignment shall equal the fair market value of the entire assets of the Receiving Plan immediately after the transfer and assignment;
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WHEREAS, the Employer and Merging Employer Plan deem it is in the best interest of the participants and beneficiaries of the Merging Plan and Receiving Plan to merge the two Plans effective July 1, 1998, with the Receiving Plan as the surviving Plan, and to accept the transfer of plan assets, or to transfer plan assets, as may be required by any such merger.

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WHEREAS, the Employer established the Paychex, Inc. 401(k) Incentive Retirement Plan (hereafter the "Receiving Plan") effective July 1, 1984; and

WHEREAS, the "Merging Employer" established the Paychex Business Solutions 401(k) Retirement Savings Plan (hereafter the "Merging Plan") effective January 1, 1992; and

WHEREAS, the Employer and the Trustee of the Receiving Plan have specific authority under the Master Plan and Trust Agreement to enter into this amendment to Plan and Plan Merger Agreement.

WHEREAS, the Employer and Merging Employer Plan deem it is in the best interest of the participants and beneficiaries of the Merging Plan and Receiving Plan to merge the two Plans effective July 1, 1998, with the Receiving Plan as the surviving Plan, and to accept the transfer of plan assets, or to transfer plan assets, as may be required by any such merger.

NOW THEREFORE, the Employer, the Merging Employer and the Trustee of the Receiving Plan do hereby agree as follows:

- (1) Section 1.29 of the Adoption Agreement of the Receiving Plan is hereby amended to credit service with Paychex Business Solutions, Inc. for all purposes of the Plan.
- (2) Sections 6.03(e)(2) and 6.03(j)(2) of the Adoption Agreement of the Receiving Plan are hereby amended to provide that participants in the Merging Plan may make in-service withdrawals from the vested balances in their "Merger Accounts" as of July 1, 1998, after attaining age 59 1/2.
- (3) TRANSFER OF ASSETS. The Merging Plan shall transfer and assign directly to the Receiving Plan the "Merger Account" for each participant in the Merging Plan. The Merger Account is defined as the single sum value of the participant's accrued benefit under the Merging Plan determined in accordance with provision of such Plan as of the date of transfer.
- (4) HOLDING AND INVESTMENT OF ASSETS. The Employer and the Trustee shall hold, invest, administer and distribute the assets transferred and assigned in accordance with the terms of the Receiving Plan, as amended and restated herein.
- (5) PARTICIPANT ACCOUNT. With respect to the account balances of the participants under the Merging Plan, the following conditions shall apply;
 - a. The sum of the account balances of the participants under the Merging Plan will be 100 percent vested prior to transfer and under the Receiving Plan immediately prior to the transfer and assignment shall equal the fair market value of the entire assets of the Receiving Plan immediately after the transfer and assignment;
 - b. Immediately after the transfer and assignment, each participant shall have an account balance in the Receiving Plan equal to the sum of the Merger Account the participant had in the Merging Plan, if any, and the amount the participant had in the Receiving Plan, if any;
 - c. The transfer of the account shall not eliminate any Code (411(d)(6)) protected benefit provided by the Merger.
- (1) UPDATE OF PLAN. Any amendment and restatement of the Receiving Plan in order to bring the Plan compliance with current legislation and regulations shall be made retroactively as prescribed by the regulations and shall be considered as having been made to the Merging Plan as of the date of the merger.
- (2) BINDING EFFECT. The terms and conditions of this Merger Agreement shall bind the Employer and the Trustee (and their successors) of the Receiving Plan and shall operate as if fully set forth within the Receiving Plan.

(3) EFFECTIVE DATE. The effective date of this Merger Agreement is July 1, 1998, and the transfer and assignment of account balances in the Merging Plan to the Receiving Plan shall take place as of March 30, 1998.

PAYCHEX, INC.

/S/ AUGUSTINE MELENDEZ
BY: _____
DIRECTOR, HUMAN RESOURCES
Title _____

PAYCHEX BUSINESS SOLUTIONS, INC.

/S/ JOHN M. MORPHY
BY: _____
VICE PRESIDENT, CHIEF FINANCIAL
OFFICER
Title _____

INVESCO

/S/ RICHARD L.S. GIRARD
BY: _____
CHAIRPERSON 401(k) COMMITTEE
Title _____

EXHIBIT 4.1(f) - AMENDMENT TO THE
PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
AND PLAN MERGER AGREEMENT
EFFECTIVE: JULY 22, 1998

This Amendment to the Paychex, Inc. 401(k) Incentive Retirement Plan is made and entered into on the 22nd day of July, 1998, by and between Paychex, Inc. (hereafter the "Employer"), Paychex Business Solutions, Inc. (hereafter the "Merging Employer") and INVESCO Trust Company (hereinafter the "Trustee").

WHEREAS, the Employer established the Paychex, Inc. 401(k) Incentive Retirement Plan (hereafter the "Receiving Plan") effective July 1, 1984; and

WHEREAS, the "Merging Employer" established the Paychex Business Solutions 401(k) Retirement Savings Plan (hereafter the "Merging Plan") effective January 1, 1992; and

WHEREAS, the Employer and the Trustee of the Receiving Plan have specific authority under the Master Plan and Trust Agreement to enter into this amendment to Plan and Plan Merger Agreement.

WHEREAS, the Employer and Merging Employer Plan deem it is in the best interest of the participants and beneficiaries of the Merging Plan and Receiving Plan to merge the two Plans effective July 1, 1998, with the Receiving Plan as the surviving Plan, and to accept the transfer of plan assets, or to transfer plan assets, as may be required by any such merger.

NOW THEREFORE, the Employer, the Merging Employer and the Trustee of the Receiving Plan do hereby agree as follows:

- (1) Section 1.29 of the Adoption Agreement of the Receiving Plan is hereby amended to credit service with Paychex Business Solutions, Inc. for all purposes of the Plan.
- (2) Sections 6.03(e)(2) and 6.03(j)(2) of the Adoption Agreement of the Receiving Plan are hereby amended to provide that participants in the Merging Plan may make in-service withdrawals from the vested balances in their "Merger Accounts" as of July 1, 1998, after attaining age 59 1/2.
- (3) TRANSFER OF ASSETS. The Merging Plan shall transfer and assign directly to the Receiving Plan the "Merger Account" for each participant in the Merging Plan. The Merger Account is defined as the single sum value of the participant's accrued benefit under the Merging Plan determined in accordance with provision of such Plan as of the date of transfer.
- (4) HOLDING AND INVESTMENT OF ASSETS. The Employer and the Trustee shall hold, invest, administer and distribute the assets transferred and assigned in accordance with the terms of the Receiving Plan, as amended and restated herein.
- (5) PARTICIPANT ACCOUNT. With respect to the account balances of the participants under the Merging Plan, the following conditions shall apply;
 - a. The sum of the account balances of the participants under the Merging Plan will be 100 percent vested prior to transfer and under the Receiving Plan immediately prior to the transfer and assignment shall equal the fair market value of the entire assets of the Receiving Plan immediately after the transfer and assignment;
 - b. Immediately after the transfer and assignment, each participant shall have an account balance in the Receiving Plan equal to the sum of the Merger Account the participant had in the Merging Plan, if any, and the amount the participant had in the Receiving Plan, if any;
 - c. The transfer of the account shall not eliminate any Code (411(d)(6)) protected benefit provided by the Merger.
- (1) UPDATE OF PLAN. Any amendment and restatement of the Receiving Plan in order to bring the Plan compliance with current legislation and regulations shall be made retroactively as prescribed by the regulations and shall be considered as having been made to the Merging Plan as of the date of the merger.
- (2) BINDING EFFECT. The terms and conditions of this Merger Agreement shall bind the Employer and the Trustee (and their successors) of the Receiving Plan and shall operate as if fully set forth within the Receiving Plan.

(3) EFFECTIVE DATE. The effective date of this Merger Agreement is July 1, 1998, and the transfer and assignment of account balances in the Merging Plan to the Receiving Plan shall take place as of March 30, 1998.

PAYCHEX, INC.

/S/ AUGUSTINE MELENDEZ
BY: _____
DIRECTOR, HUMAN RESOURCES
Title _____

PAYCHEX BUSINESS SOLUTIONS, INC.

/S/ JOHN M. MORPHY
BY: _____
VICE PRESIDENT, CHIEF FINANCIAL
OFFICER
Title _____

INVESCO

/S/ RICHARD L.S. GIRARD
BY: _____
CHAIRPERSON 401(k) COMMITTEE
Title _____

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
G.P.O. BOX 1680
BROOKLYN, NY 11202

DATE: APRIL 28, 1995

PAYCHEX, INC.
P.O. BOX 25397
ROCHESTER, NY 14625

Employer Identification Number:
16-1124166
Filo Folder Number:
163001736
Person to Contact:
DAWN LUCAS
Contact Telephone Number:
(718) 488-2204
Plan Name:
PAYCHEX, INC.
401 (k) INCENTIVE
RETIREMENT PLAN
Plan Number: 001

Dear Applicant:

We have made a favorable determination on your plan, identified above, based on the information supplied. Please keep this letter in your permanent records.

Continued qualification of the plan under its present form will depend on its effect in operation. (See section 1.401-1(b)(3) of the Income Tax Regulations.) We will review the status of the plan in operation periodically.

The enclosed document explains the significance of this favorable determination letter, points out some features that may affect the qualified status of your employee retirement plan, and provides information on the reporting requirements for your plan. It also describes some events that automatically nullify it. It is very important that you read the publication.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter is also applicable for the amendment(s) adopted on Nov. 9, 1994.

This plan has been mandatorily disaggregated, permissively aggregated, or restructured to satisfy the nondiscrimination requirements.

This plan satisfies the nondiscrimination in amount requirement of section 1.401(a)(4)-1(b)(2) of the regulations on the basis of a design-based safe harbor described in the regulations.

This letter is issued under Rev. Proc. 93-39 and considers the amendments required by the Tax Reform Act of 1986 except as otherwise specified in this letter.

This plan satisfies the nondiscriminatory current availability requirements of section 1.401(a)(4)-4(b) of the regulations with respect to those benefits, rights, and features that are currently available to all employees in the plan's coverage group. For this purpose, the plan's coverage group consists of those employees treated as currently benefiting for purposes of demonstrating that the plan satisfies the minimum coverage requirements of section 410(b) of the Code.

This letter may not be relied upon with respect to whether the plan satisfies the qualification requirements as amended by the Uruguay Round Agreements Act, Pub. L. 103-465.

We have sent a copy of this letter to your representative as indicated in the power of attorney.

If you have any questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely yours,

/S/ HERBERT J. HUFF

Herbert J. Huff
District Director

Enclosures:
Publication 794
Reporting & Disclosure Guide
For Employee Benefit Plans

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 dated July 30, 1999) pertaining to the Paychex, Inc. 401(k) Incentive Retirement Plan of Paychex, Inc. of our reports (a) dated June 25, 1998, with respect to the consolidated financial statements of Paychex, Inc. incorporated by reference in its Annual Report (Form 10-K) for the year ended May 31, 1998, and (b) dated May 20, 1999, with respect to the financial statements of the Paychex, Inc. 401(k) Incentive Retirement Plan included in the Plan's Annual Report (Form 11-K) for the year ended December 31, 1998, filed with the Securities and Exchange Commission.

July 27, 1999
Syracuse, New York

/s/ Ernst & Young LLP

EXHIBIT 24.1 - POWER OF ATTORNEY

WE, the undersigned directors and officers of Paychex, Inc. (the "Corporation"), do hereby constitute and appoint B. THOMAS GOLISANO and JOHN M. MORPHY, severally, our true and lawful attorneys and agents, to do any and all acts and things in our name and on our behalf in our capacities as directors and officers of the Corporation, and to execute any and all instruments for us and in our names in the capacities indicated below which either of them may deem necessary or advisable to the Corporation to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with the registration of 5,000,000 shares of the Corporation's \$.01 par value per share common stock, including, specifically, but not limited to, the power and authority to sign for us, or any of us, in our names, in the capacities indicated below, a Registration Statement on Form S-8 and any and all amendments (including pre- and post-effective amendments) thereto and to file the same with all exhibits thereto and other documents in connection therewith, and to perform each and every other act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, and we do hereby ratify and confirm all that B. Thomas Golisano or John M. Morphy or their agents or substitute, of either, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Steven D. Brooks Steven D. Brooks	Director	July 8, 1999
/s/ G. Thomas Clark G. Thomas Clark	Director	July 8, 1999
/s/ B. Thomas Golisano B. Thomas Golisano	Chairman, President and Chief Executive Officer	July 8, 1999
/s/ Phillip Horsley Phillip Horsley	Director	July 8, 1999
/s/ Grant M. Inman Grant M. Inman	Director	July 8, 1999
/s/ J. Robert Sebo J. Robert Sebo	Director	July 8, 1999
/s/ Harry P. Messina, Jr. Harry P. Messina, Jr.	Director	July 8, 1999
/s/ David J.S. Flaschen David J.S. Flaschen	Director	July 8, 1999
/s/ John M. Morphy John M. Morphy	Vice President, Chief Financial Officer, Principal Accounting Officer and Secretary	July 8, 1999

