
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

**Date of Report: July 12, 2007
(Date of earliest event reported)**

PAYCHEX, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State of or other jurisdiction
of incorporation)

0-11330
(Commission
File Number)

16-1124166
(IRS Employer
Identification Number)

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

14625-2396
(Zip Code)

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

None
(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On July 12, 2007, Paychex, Inc.'s (the "Company") Board of Directors approved the below arrangements for the Company's officers, as identified:

- Approved the Officers Performance Incentive Program for the year ending May 31, 2008, which provides for senior vice presidents of the Company, other than the Chief Executive Officer, the opportunity for annual cash bonuses based on goals set in advance by the Governance and Compensation Committee of the Board of Directors of up to 85% of base salary based primarily on the Company's annual revenue and operating income growth.
- Approved the 2007-2008 Officer Performance Incentive Award Agreement for the Chief Executive Officer providing for an annual cash bonus based on the goals described in the agreement, as set by the Governance and Compensation Committee, of up to 200% of base salary. The 2007-2008 Officer Performance Incentive Award Agreement has been filed as Exhibit 10.1 to this Current Report on Form 8-K ("Form 8-K").
- Approved the grant of restricted stock to its officers as provided under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005. The 2008 Master Restricted Stock Award Agreement has been filed as Exhibit 10.2 to this Form 8-K.
- Approved a one-time grant of restricted stock to the Chief Financial Officer of 30,000 shares to vest one-third per year beginning in October 2010. The Restricted Stock Award Agreement has been filed as Exhibit 10.3 to this Form 8-K.
- Amended the 2007 Master Restricted Stock Award Agreement to clarify the calculation of target for acceleration of vesting; to allow for tax withholding obligations to be satisfied with shares; and to accelerate the vesting upon death or disability. The Amended and Restated 2007 Master Restricted Stock Award Agreement has been filed as Exhibit 10.4 to this Form 8-K.

Further Information

Additional information regarding compensation awarded to certain of the Company's executive officers for the year ended May 31, 2007 will be provided in the Company's proxy statement for its 2007 Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission in August 2007.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The following exhibits relating to Item 1.01 of this Form 8-K are filed herewith:

Exhibit 10.1	Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) 2007-2008 Officer Performance Incentive Award Agreement.
Exhibit 10.2	Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) 2008 Master Restricted Stock Award Agreement.
Exhibit 10.3	Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) Restricted Stock Award Agreement.
Exhibit 10.4	Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) Amended and Restated 2007 Master Restricted Stock Award Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAYCHEX, INC.

Date: July 18, 2007

/s/ Jonathan J. Judge

Jonathan J. Judge
President and Chief Executive Officer

Date: July 18, 2007

/s/ John M. Morphy

John M. Morphy
Senior Vice President,
Chief Financial Officer, and Secretary

PAYCHEX, INC.
2002 STOCK INCENTIVE PLAN
(as amended and restated effective October 12, 2005)
2007-2008 OFFICER PERFORMANCE INCENTIVE
AWARD AGREEMENT

Participant Name	Jonathan J. Judge
Award Date	July 12, 2007
Performance Period	June 1, 2007 through May 31, 2008
Total Target Value	\$1,830,000

1. Grant of Award. This 2007-2008 Officer Performance Incentive Award Agreement (this "Award Agreement") sets forth the terms and conditions of the Performance Award (the "Award") granted to you by the Governance and Compensation Committee (the "Committee") of the Board of Directors of Paychex, Inc. (the "Company") under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005 (the "Plan"). The Award is subject to all of the provisions of the Plan, which is hereby incorporated by reference and made a part of this Award Agreement. The capitalized terms used in this Award Agreement are defined in the Plan. In the event of any conflict among the provisions of the Plan and this Award Agreement, the provisions of the Plan will be controlling and determinative.

2. Target Value and Components. The Total Target Value of the Award is set forth above and consists of three components: (a) the Revenue Component; (b) the Operating Income Component; and (c) the Operating Income to Revenue Ratio Component. The Total Target Value or the value of any of its components may be reduced by the Committee in its sole discretion.

3. Requirement of Employment. Your rights to the Actual Value (as that term is defined below) under Section 5, shall be provisional and shall be canceled in whole or in part, as determined by the Committee in its sole discretion if your continuous employment with the Company terminates for any reason other than death or Disability on or before the last day of the Performance Period. Whether and as of what date your employment with the Company shall terminate if you are granted a leave of absence or commence any other break in employment intended by your employer to be temporary, shall be determined by the Committee in its sole discretion. In the event of your death or Disability, you or your estate shall be entitled to receive a pro-rata payment of the Actual Value of the Award based on the ratio of the number of days from the beginning of the Performance Period through the date of your death or Disability and the total number of days in the Performance Period.

4. Determination of Value.

(a) *Potential Value and Actual Value.* As soon as practicable after the last day of the Performance Period and prior to the payment of the Award, the Committee shall determine the Revenue Value as of the last day of the Performance Period, if any, as provided in Section 4(b), the Operating Income Value as of the last day of the Performance Period, if any, as provided in Section 4(c), and the Operating Income to Revenue Ratio Value as of the last day of the Performance Period, if any, as provided in Section 4(d). The sum of the Revenue Value, Operating Income Value and the Operating Income to Revenue Ratio Value shall be the Potential Value of the Award as so determined. The Committee may, in its sole discretion, then reduce, but not increase, the Potential Value to determine the Actual Value of the Award.

(b) *Revenue Value.* The Revenue Value shall be the Total Target Value, multiplied by the Revenue Payment Percentage from Exhibit A, based on the Revenue for the Performance Period. "Revenue" for the Performance Period means Total Service Revenue for the Performance Period.

(c) *Operating Income Value.* The Operating Income Value shall be the Total Target Value, multiplied by the Operating Income Payment Percentage from Exhibit A, based on the Operating Income for the Performance Period. "Operating Income" means Operating Income, less Interest on Funds Held for Clients, for the Performance Period.

(d) *Operating Income to Revenue Ratio Value.* The Operating Income to Revenue Ratio Value shall be the Total Target Value, multiplied by the Operating Income to Revenue Ratio Payment Percentage from Exhibit A, based on the Operating Income to Revenue Ratio for the Performance Period. "Operating Income to Revenue Ratio" for the Performance Period means (i) Operating Income, less Interest on Funds Held for Clients, for the Performance Period, over (ii) Total Service Revenue for the Performance Period.

(e) *Calculation.* In determining the Potential Value of the Award, "Total Service Revenue," "Operating Income" and "Interest on Funds Held for Clients" for a specified period shall mean the total service revenue, operating income and interest on funds held for clients for such period, respectively, each as reported in the Company's annual audited financial statements for such period, but in each case excluding the following (each, an "Exclusion Item"): asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to entering or exiting certain business activities; and gains or losses from the acquisition or disposition of businesses or assets or from the early extinguishment of debt, or other unusual items. In addition to its general authority to reduce the Potential Value, when determining the Actual Value of the Award, the Committee may, in its sole discretion, take into consideration the effect of the inclusion of one or more of the Excluded Items, provided, however, that the Actual Value may not exceed the Potential Value as determined pursuant to this Section 4.

(f) *Committee's Determinations Final.* The Committee's determination of the Revenue Value, Operating Income Value, Operating Income to Revenue Ratio Value,

Potential Value and Actual Value pursuant to this Award Agreement shall be final, binding and conclusive upon you and all persons claiming under or through you.

5. Payment of Award. The Actual Value, as determined pursuant to Section 4, if any, shall become payable to you in cash as promptly as practicable following the determination of such amount by the Committee, but in no event later than the March 15th of the calendar year following the calendar year in which the Performance Period ends (the "Payment Date"). Any payment made in respect of the Award will be reduced by the amount of all taxes required by any governmental authority to be withheld and paid over by the Company or any Affiliate to the governmental authority on account of such payment.

6. Miscellaneous.

(a) *Qualified Performance-Based Compensation*. The Award is intended to qualify as "qualified performance-based compensation" for purposes of Section 162(m) of the Code, and this Award Agreement shall be interpreted and the Award shall be administered consistent with such intention.

(b) *Section 409A*. The Award is intended to be exempt from the requirements of Section 409A of the Code, and this Award Agreement shall be interpreted and the Award shall be administered consistent with such intention.

(c) *Amendment*. Except as otherwise provided by the Plan, the Company may only alter, amend or terminate the Award with your consent.

(d) *No Right to Employment*. Neither the Plan, the granting of the Award nor this Award Agreement gives you any right to remain in the employment of the Company or any Affiliate.

(e) *Nontransferable*. The Award may not be sold, assigned, transferred, pledged or encumbered in any way prior to the payment thereof, whether by operation of law or otherwise.

(f) *Governing Law*. This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

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EXHIBIT A

(dollars in thousands)

Revenue Payment Percentage

Revenue	Payment Percentage
\$1,904,000	7.50%
\$1,962,900	25.00%
\$2,277,000	45.00%

Operating Income Payment Percentage

Operating Income	Payment Percentage
\$675,500	7.50%
\$696,400	25.00%
\$807,800	45.00%

Operating Income to Revenue Ratio Payment Percentage

Operating Income to Revenue Ratio	Payment Percentage
34.4%	15.00%
35.5%	50.00%
41.2%	90.00%

If an actual performance level falls between two performance levels shown on the above grids, then the applicable payment percentage will be determined using straight-line interpolation.

PAYCHEX, INC.
2002 STOCK INCENTIVE PLAN
(as amended and restated effective October 12, 2005)

2008 MASTER RESTRICTED STOCK AWARD AGREEMENT

1. **Grant of Restricted Stock.** This 2008 Master Restricted Stock Award Agreement (this "Award Agreement") sets forth the terms and conditions of the Restricted Stock (the "Award") granted to you by the Governance and Compensation Committee (the "Committee") of the Board of Directors of Paychex, Inc. (the "Company") under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005 (the "Plan"), as described on your Award Notice. The Award is subject to all of the provisions of the Plan, which is hereby incorporated by reference and made a part of this Award Agreement. The capitalized terms used in this Award Agreement are defined in the Plan.

2. **Restriction and Vesting.**

(a) Subject to the terms set forth in this Award Agreement and the Plan, unless earlier vested under Section 2(b) of this Award Agreement, provided you are still a full-time employee of the Company at that time, all of the Shares represented by the Award will vest on the fifth anniversary of the date of grant, July 17, 2007 (a "Vesting Date").

(b) Notwithstanding Section 2(a) of this Award Agreement, for each of the following fiscal years of the Company, if the Company's operating income, excluding interest on funds held for clients ("Operating Income"), for such fiscal year equals or exceeds the following target for such fiscal year, then, provided you are still a full-time employee of the Company at that time, one-third of the total number of Shares, as set forth on your Award Notice, represented by the Award shall vest upon the confirmation by the Company of such fiscal year's Operating Income (also a "Vesting Date"):

Fiscal Year	Target Operating Income
2008	\$ 696,269,000
2009	\$ 800,709,000
2010	\$ 920,816,000
2011	\$ 1,058,938,000

(c) Except in the event of your death or Disability, if your employment terminates before a Vesting Date for any reason, including, but not limited to, Retirement, then the unvested portion of the Award shall be forfeited and cancelled immediately. If your employment terminates due to death or Disability, your Award shall immediately become 100% vested.

3. **Book-Entry Registration.** The Award initially will be evidenced by book-entry registration only, without the issuance of a certificate representing the Shares underlying the Award.

4. **Issuance of Shares.** The Company shall, when that the conditions to vesting specified in Section 2 of this Award Agreement are satisfied, issue a certificate or certificates representing the Shares underlying the Award that have vested as promptly as practicable following the Vesting Date of such Shares.

5. Rights as a Stockholder. Except as otherwise provided by this Section, you will have the rights of a stockholder with respect to the Shares underlying the Award, including, but not limited to, the right to receive such cash dividends, if any, as may be declared on such Shares from time to time and the right to vote (in person or by proxy) such Shares at any meeting of stockholders of the Company. Notwithstanding the foregoing, the dividends paid on any unvested Shares shall be retained by the Company and held in escrow, trust or similar manner, and shall only be paid to you upon the vesting of the underlying Shares to which the dividends relate; upon the forfeiture of any Shares represented by the Award, your right to the dividends paid on the underlying Shares which are forfeited shall also be forfeited.

6. Restrictions on Transfer of Shares. The Award, and the right to vote the Shares underlying the Award and to receive dividends thereon, may not, except as otherwise provided in the Plan, be sold, assigned, transferred, pledged or encumbered in any way prior to the vesting of such Shares, whether by operation of law or otherwise, except by will or the laws of descent and distribution. After a Vesting Date, the vested Shares may be issued during your lifetime only to you, or after your death to your designated beneficiary, or, in the absence of such beneficiary, to your duly qualified personal representative.

7. Withholding. The grant and the vesting of the Award is conditioned upon your making arrangements satisfactory to the Company for the payment to the Company of the amount of all taxes required by any governmental authority to be withheld and paid over by the Company or any Affiliate to the governmental authority on account of such grant or vesting. The payment of such withholding taxes to the Company may be made (i) by you in cash or by check, (ii) subject to the consent of the Company and in accordance with any guidelines established by the Committee, by the Company retaining the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid, or (iii) by the Company or any Affiliate withholding such taxes from any other compensation owed to you by the Company or any Affiliate. Unless you make arrangements prior to vesting to pay withholdings taxes in cash or by check, or to have such withholding taxes withheld from other compensation owed to you by the Company or any Affiliate, then at the time of vesting, the Company shall have the right to retain the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid.

8. Limitation of Rights. Neither the Plan, the granting of the Award, the Award Notice nor this Award Agreement gives you any right to remain in the employment of the Company or any Affiliate.

9. Rights of Company and Affiliates. This Award Agreement does not affect the right of the Company or any Affiliate to take any corporate action whatsoever, including without limitation its right to recapitalize, reorganize or make other changes in its capital structure or business, merge or consolidate, issue bonds, notes, Shares or other securities, including preferred stock, or options therefor, dissolve or liquidate, or sell or transfer any part of its assets or business.

10. Plan Controls. In the event of any conflict among the provisions of the Plan and this Award Agreement, the provisions of the Plan will be controlling and determinative.
11. Amendment. Except as otherwise provided by the Plan, the Company may only alter, amend or terminate the Award with your consent.
12. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

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PAYCHEX, INC.
2002 STOCK INCENTIVE PLAN
(as amended and restated effective October 12, 2005)

RESTRICTED STOCK AWARD AGREEMENT

1. **Grant of Restricted Stock.** This Restricted Stock Award Agreement dated July 12, 2007 (this "Award Agreement") sets forth the terms and conditions of the Restricted Stock (the "Award") granted to you by the Governance and Compensation Committee (the "Committee") of the Board of Directors of Paychex, Inc. (the "Company") under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005 (the "Plan"), as described on your Award Notice. The Award is subject to all of the provisions of the Plan, which is hereby incorporated by reference and made a part of this Award Agreement. The capitalized terms used in this Award Agreement are defined in the Plan.

2. **Restriction and Vesting.**

(a) Subject to the terms set forth in this Award Agreement and the Plan, unless earlier vested under Section 2(b) of this Award Agreement, provided you are still a full-time employee of the Company as of each date set forth below, the Shares, as set forth on your Award Notice granted on July 17, 2007, represented by the Award will vest as follows:

Date:	Shares:
October 1, 2010	10,000
October 1, 2011	10,000
October 1, 2012	10,000

(b) Except in the event of your death or Disability, if your employment terminates before a Vesting Date for any reason, including, but not limited to, Retirement, then the unvested portion of the Award shall be forfeited and cancelled immediately. If your employment terminates due to death or Disability, your Award shall immediately become 100% vested.

3. **Book-Entry Registration.** The Award initially will be evidenced by book-entry registration only, without the issuance of a certificate representing the Shares underlying the Award.

4. **Issuance of Shares.** The Company shall, when that the conditions to vesting specified in Section 2 of this Award Agreement are satisfied, issue a certificate or certificates representing the Shares underlying the Award that have vested as promptly as practicable following the Vesting Date of such Shares.

5. **Rights as a Stockholder.** Except as otherwise provided by this Section, you will have the rights of a stockholder with respect to the Shares underlying the Award, including, but not limited to, the right to receive such cash dividends, if any, as may be declared on such Shares from time to

time and the right to vote (in person or by proxy) such Shares at any meeting of stockholders of the Company. Notwithstanding the foregoing, the dividends paid on any unvested Shares shall be retained by the Company and held in escrow, trust or similar manner, and shall only be paid to you upon the vesting of the underlying Shares to which the dividends relate; upon the forfeiture of any Shares represented by the Award, your right to the dividends paid on the underlying Shares which are forfeited shall also be forfeited.

6. Restrictions on Transfer of Shares. The Award, and the right to vote the Shares underlying the Award and to receive dividends thereon, may not, except as otherwise provided in the Plan, be sold, assigned, transferred, pledged or encumbered in any way prior to the vesting of such Shares, whether by operation of law or otherwise, except by will or the laws of descent and distribution. After a Vesting Date, the vested Shares may be issued during your lifetime only to you, or after your death to your designated beneficiary, or, in the absence of such beneficiary, to your duly qualified personal representative.

7. Withholding. The grant and the vesting of the Award is conditioned upon your making arrangements satisfactory to the Company for the payment to the Company of the amount of all taxes required by any governmental authority to be withheld and paid over by the Company or any Affiliate to the governmental authority on account of such grant or vesting. The payment of such withholding taxes to the Company may be made (i) by you in cash or by check, (ii) subject to the consent of the Company and in accordance with any guidelines established by the Committee, by the Company retaining the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid, or (iii) by the Company or any Affiliate withholding such taxes from any other compensation owed to you by the Company or any Affiliate. Unless you make arrangements prior to vesting to pay withholdings taxes in cash or by check, or to have such withholding taxes withheld from other compensation owed to you by the Company or any Affiliate, then at the time of vesting, the Company shall have the right to retain the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid.

8. Limitation of Rights. Neither the Plan, the granting of the Award, the Award Notice nor this Award Agreement gives you any right to remain in the employment of the Company or any Affiliate.

9. Rights of Company and Affiliates. This Award Agreement does not affect the right of the Company or any Affiliate to take any corporate action whatsoever, including without limitation its right to recapitalize, reorganize or make other changes in its capital structure or business, merge or consolidate, issue bonds, notes, Shares or other securities, including preferred stock, or options therefor, dissolve or liquidate, or sell or transfer any part of its assets or business.

10. Plan Controls. In the event of any conflict among the provisions of the Plan and this Award Agreement, the provisions of the Plan will be controlling and determinative.

11. Amendment. Except as otherwise provided by the Plan, the Company may only alter, amend or terminate the Award with your consent.

12. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

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PAYCHEX, INC.
2002 STOCK INCENTIVE PLAN
(as amended and restated effective October 12, 2005)

AMENDED AND RESTATED
2007 MASTER RESTRICTED STOCK AWARD AGREEMENT

1. Grant of Restricted Stock. This Amended and Restated 2007 Master Restricted Stock Award Agreement (this "Award Agreement") sets forth the terms and conditions of the Restricted Stock (the "Award") granted to you by the Governance and Compensation Committee (the "Committee") of the Board of Directors of Paychex, Inc. (the "Company") under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005 (the "Plan"), as described on your Award Notice. Pursuant to its authority under the Plan to amend an outstanding award without the consent of the holder of the award where the amendment does not adversely affect the rights of the holder under the award, the Committee amended and restated the outstanding 2007 Master Restricted Stock Award Agreement with this Award Agreement. The Award is subject to all of the provisions of the Plan, which is hereby incorporated by reference and made a part of this Award Agreement. The capitalized terms used in this Award Agreement are defined in the Plan.

2. Restriction and Vesting.

(a) Subject to the terms set forth in this Award Agreement and the Plan, unless earlier vested under Section 2(b) of this Award Agreement, provided you are still a full-time employee of the Company at that time, all of the Shares represented by the Award will vest on the fifth anniversary of the date of grant set forth on your Award Notice (a "Vesting Date").

(b) Notwithstanding Section 2(a) of this Award Agreement, for the fiscal year 2007, if the Company's operating income, excluding interest on funds held for clients and stock-based compensation expense equals or exceeds the target for fiscal 2007 and for each of the fiscal years following fiscal 2007 of the Company, if the Company's operating income, excluding interest on funds held for clients ("Operating Income"), for such fiscal year equals or exceeds the following target for such fiscal year, then, provided you are still a full-time employee of the Company at that time, one-third of the total number of Shares represented by the Award shall vest upon the confirmation by the Company of such fiscal year's Operating Income (also a "Vesting Date"):

Fiscal Year	Target Operating Income
2007	\$ 631,088,000
2008	\$ 696,269,000
2009	\$ 800,709,000
2010	\$ 920,816,000

(c) Except in the event of your death or Disability, if your employment terminates before a Vesting Date for any reason, including, but not limited to, Retirement, then the unvested portion of the Award shall be forfeited and cancelled immediately. If your employment terminates due to death or Disability, your Award shall immediately become 100% vested.

3. Book-Entry Registration. The Award initially will be evidenced by book-entry registration only, without the issuance of a certificate representing the Shares underlying the Award.

4. Issuance of Shares. The Company shall, when that the conditions to vesting specified in Section 2 of this Award Agreement are satisfied, issue a certificate or certificates representing the Shares underlying the Award that have vested as promptly as practicable following the Vesting Date of such Shares.

5. Rights as a Stockholder. Except as otherwise provided by this Section, you will have the rights of a stockholder with respect to the Shares underlying the Award, including, but not limited to, the right to receive such cash dividends, if any, as may be declared on such Shares from time to time and the right to vote (in person or by proxy) such Shares at any meeting of stockholders of the Company. Notwithstanding the foregoing, the dividends paid on any unvested Shares shall be retained by the Company and held in escrow, trust or similar manner, and shall only be paid to you upon the vesting of the underlying Shares to which the dividends relate; upon the forfeiture of any Shares represented by the Award, your right to the dividends paid on the underlying Shares which are forfeited shall also be forfeited.

6. Restrictions on Transfer of Shares. The Award, and the right to vote the Shares underlying the Award and to receive dividends thereon, may not, except as otherwise provided in the Plan, be sold, assigned, transferred, pledged or encumbered in any way prior to the vesting of such Shares, whether by operation of law or otherwise, except by will or the laws of descent and distribution. After a Vesting Date, the vested Shares may be issued during your lifetime only to you, or after your death to your designated beneficiary, or, in the absence of such beneficiary, to your duly qualified personal representative.

7. Withholding. The grant and the vesting of the Award is conditioned upon your making arrangements satisfactory to the Company for the payment to the Company of the amount of all taxes required by any governmental authority to be withheld and paid over by the Company or any Affiliate to the governmental authority on account of such grant or vesting. The payment of such withholding taxes to the Company may be made (i) by you in cash or by check, (ii) subject to the consent of the Company and in accordance with any guidelines established by the Committee, by you directing the Company to retaining the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid, or (iii) by the Company or any Affiliate withholding such taxes from any other compensation owed to you by the Company or any Affiliate. Unless you make arrangements prior to vesting to pay withholdings taxes in cash or by check, or to have such withholding taxes withheld from other compensation owed to you by the Company or any Affiliate, then at the time of vesting, the Company shall have the right to retain the number of the Shares that would otherwise be delivered to you upon vesting that have an aggregate Fair Market Value (at the time retained by the Company) equal to the amount of withholding taxes (using your minimum required tax withholding rate or such other rate that the Company determines will not trigger a negative accounting impact to the Company) required to be paid.

8. Limitation of Rights. Neither the Plan, the granting of the Award, the Award Notice nor this Award Agreement gives you any right to remain in the employment of the Company or any Affiliate.

9. Rights of Company and Affiliates. This Award Agreement does not affect the right of the Company or any Affiliate to take any corporate action whatsoever, including without limitation its right to recapitalize, reorganize or make other changes in its capital structure or business, merge or consolidate, issue bonds, notes, Shares or other securities, including preferred stock, or options therefor, dissolve or liquidate, or sell or transfer any part of its assets or business.

10. Plan Controls. In the event of any conflict among the provisions of the Plan and this Award Agreement, the provisions of the Plan will be controlling and determinative.

11. Amendment. Except as otherwise provided by the Plan, the Company may only alter, amend or terminate the Award with your consent.

12. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

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