
**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 10, 2008
(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))
-
-

ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

On July 10, 2008, Paychex, Inc.'s (the "Company") Board of Directors approved the below arrangements for the Company's executive officers, as identified:

- Approved the Officers Performance Incentive Program for the Year Ending May 31, 2009, 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 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 Restricted Stock Award Agreement, dated July 10, 2008, is filed as Exhibit 10.1 to this Current Report on Form 8-K ("Form 8-K").
- Approved a grant of non-qualified stock options to its officers as provided under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005. In addition, the Company's Board of Directors approved a modification to the Form of Non-Qualified Stock Option Award Agreement, which provides that a breach of the restrictive covenants (non-competition, non-solicitation, confidentiality, and detrimental conduct) will immediately cause the unvested portion of such award to be forfeited. The Company will also be entitled to recover any gross amounts of gain realized by the recipient on exercise of the stock options in the 24-month period prior to the breach. The Form of Non-Qualified Stock Option Award Agreement is filed as Exhibit 10.2 to this Form 8-K.

The summaries of the terms of the foregoing agreements are qualified in their entirety by reference to the text of the agreements, each of which is filed as an exhibit 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, 2008 will be provided in the Company's proxy statement for its 2008 Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission in August 2008.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The following exhibits relating to Item 5.02 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) Restricted Stock Award Agreement.
- Exhibit 10.2 Paychex, Inc. 2002 Stock Incentive Plan (as amended and restated effective October 12, 2005) Form of Non-Qualified Stock Option 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 16, 2008

/s/ Jonathan J. Judge
Jonathan J. Judge
President and
Chief Executive Officer

Date: July 16, 2008

/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)

RESTRICTED STOCK AWARD AGREEMENT

1. Grant of Restricted Stock. This Restricted Stock Award Agreement (the "Award Agreement"), dated July 10, 2008, 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 set forth on your Award Notice (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, one-third of the total number of Shares represented by the Award shall vest upon the confirmation by the Committee of such fiscal year's Operating Income (also a "Vesting Date"):

Fiscal Year	Target Operating Income
2009	\$ 787,022,000
2010	\$ 905,075,000
2011	\$ 1,040,836,000
2012	\$ 1,196,961,000

(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 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 (ii) 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. Non-competition, Non-solicitation, Confidentiality, and Detrimental Conduct. In consideration for the Award, you agree that during your employment and for a period of twelve (12) months following termination of employment for any reason, you will not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, board member, director, or in any other individual or representative capacity, engage or attempt to engage in any activity that is competitive to the business of the Company within the geographic and substantive area or areas of responsibility assigned to the you during the last 24 months of employment. In addition, you agree that for a period of eighteen (18) months following the termination of employment

for any reason, you will not directly or indirectly by assisting others, solicit Company clients, prospects or referral resources; nor will you recruit or hire, or attempt to recruit or hire any other employee of Company or its affiliates, or induce or attempt to induce any employee of Company to terminate employment with Company. You also agree and acknowledge that during the course of your employment with the Company, you will obtain, have access and be privy to nonpublic information important to the Company's business solely as a result of employment with the Company, which information you hereby acknowledge and agree to be confidential ("Confidential Information"). You agree that during and after employment, you shall not divulge or make use of any Confidential Information, directly or indirectly, personally or on behalf of any other person, business, corporation, or entity without prior written consent of the Company. You further agree that you will not, during your employment, engage in conduct which is detrimental to the Company, including violation of the Company's Code of Business Ethics and Conduct, criminal conduct, fraud, or willful misconduct. These covenants are not intended to, and do not, limit in any way the rights and remedies provided to the Company under the Plan, other agreements with you, or under common or statutory law.

10. Repayment of Financial Gain

(a) If you fail to comply with Section 9 of this Award Agreement, the Company may cancel any unvested portion of this Award and recover from you the total number or Vesting Date value of Shares whose Vesting Date occurred pursuant to this Award during the 24-month period preceding your breach of any covenant in Section 9 of this Award Agreement. The total number or value of the vested Shares shall include the amount of any dividends paid to you during the 24-month period specified above and shall not be reduced for the payment of applicable taxes or other amounts.

(b) If you fail to comply with Section 9 of this Award Agreement, upon demand by the Company, you will repay the Company in accordance with the terms of Section 10(a), and the Company shall be entitled to offset the amount of any such repayment obligation against any amount owed to you by the Company. The remedies set forth in this Section are in addition to any other remedies the Company may have, at law or equity, for your violation of the terms of this Award Agreement.

11. 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.

12. 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.

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

14. 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. All parties consent to exclusive personal jurisdiction in New York courts and agree that venue shall be New York State Supreme Court, Monroe County.

* * * * *

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

FORM OF NON-QUALIFIED STOCK OPTION AWARD AGREEMENT

1. Grant of Option. This Non-qualified Stock Option Award Agreement (the "Award Agreement"), made as of *[date of grant]*, serves to notify you that the Governance and Compensation Committee (the "Committee") of the Board of Directors of Paychex, Inc. (the "Company") hereby grants to you, under the Company's 2002 Stock Incentive Plan, as amended and restated effective October 12, 2005 (the "Plan"), a Non-Qualified Stock Option (the "Option") to purchase, on the terms and conditions set forth in this Award Agreement and the Plan, up to the number of shares of the Company's \$.01 par value common stock (the "Common Stock") set forth on the attached statement at the price of *[exercise price]* per share. The Plan is incorporated herein by reference and made a part of this Award Agreement. You may obtain a copy of the Plan from the Office of the Corporate Secretary. You should review the terms of this Award Agreement and the Plan carefully. The capitalized terms used in this Award Agreement are defined in the Plan.

2. Term. Unless the Option is previously terminated pursuant to the terms of this Award Agreement or the Plan, the Option will expire at the close of business on *[expiration date]* (the "Expiration Date").

3. Vesting. Subject to the terms set forth in this Award Agreement and the Plan, the Option will vest and become exercisable pro rata with respect to one-fifth of the shares subject to such Option on the first, second, third, fourth, and fifth anniversaries of the Date of Grant, with any fractional share resulting from such pro-rata vesting on the fifth anniversary. Vesting is contingent on your continued employment with the Company or one of its affiliates through the vesting dates.

4. Exercise.

(a) *Method of Exercise.* To the extent exercisable under Section 3 of this Award Agreement, the Option may be exercised in whole or in part, provided that the Option may not be exercised for less than one share of Common Stock in any single transaction. The Option may be exercised using a method specified by the Company.

(b) *Payment of Exercise Price.* The exercise of the Option is conditioned upon your payment to the Company of the Exercise Price for the number of shares of Common Stock that you elect to purchase. The Exercise Price may be paid in cash or by check or by way of a broker-assisted stock option exercise program, if such a program is made available by the Company at the time of the exercise of the Option.

(c) *Withholding.* The exercise of the Option 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 the exercise. The payment of such

withholding taxes to the Company may be made (i) by you in cash or by check, or (ii) by the Company or any Affiliate withholding such taxes from any other compensation owed to you by the Company or any Affiliate. Withholding of shares of Common Stock for payment of tax withholdings is not permitted for any reason.

(d) *Issuance of Shares.* Upon determining that compliance with this Award Agreement has occurred, including compliance with such reasonable requirements as the Company may impose pursuant to the Plan, the Company shall issue to you a certificate for the shares of Common Stock purchased on the earliest practicable date (as determined by the Company) thereafter.

5. Effect of Death and Disability. In the event of your death or Disability prior to the complete exercise of the Option, any unvested portion of the Option will vest in full immediately and the remaining portion of the Option may be exercised in whole or in part, subject to all of the conditions on exercise imposed by the Plan and this Award Agreement, within three years after the date of your death or Disability, but only (i) by you, or in the event of your death, by your estate or the person or persons to whom the Option passes under your will or the laws of descent and distribution, and (ii) prior to the close of business on the Expiration Date of the Option. The term "Disability" means a condition whereby you are unable to perform the essential functions of your position with reasonable accommodations by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted for a continuous period of not less than six months, all as verified by a physician acceptable to, or selected by, the Company.

6. Effect of Retirement. Upon your Retirement prior to the complete exercise of the Option, the unvested portion of the Option will be canceled as of your last day worked, and the remaining portion of the Option may be exercised in whole or in part, subject to all of the conditions on exercise imposed by the Plan and this Award Agreement, within three years after the date of such termination, but only (i) to the extent that the Option was vested and exercisable on the date such termination, and (ii) prior to the close of business on the Expiration Date of the Option. The term "Retirement" means retirement from the Company at age 55 or later with ten or more years of employment (full-time or part-time) with the Company.

7. Effect of Other Termination. Upon your termination for a reason other than death, Disability or Retirement prior to the complete exercise of the Option, the unvested portion of the Option will be canceled as of your last day worked, and the remaining portion of the Option may be exercised in whole or in part, subject to all of the conditions on exercise imposed by the Plan and this Award Agreement, within one year after the date of such termination, but only (i) to the extent that the Option was vested and exercisable on the date of such termination, and (ii) prior to the close of business on the Expiration Date of the Option. Notwithstanding the foregoing, if your employment is terminated by reason of conduct that is determined by the Company to have been detrimental to the Company, including violation of the Company's Code of Business Ethics, or conduct which is criminal, fraudulent, deliberately dishonest, disloyal or willful misconduct, you will forfeit all rights under the Option (both unvested and vested) as of your last day worked.

8. Non-competition, Non-solicitation, Confidentiality, and Detrimental Conduct. In consideration for the Award, you agree that during your employment and for a period of twelve (12) months following termination of employment for any reason, you will not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, stockholder, corporate officer, board member, director, or in any other individual or representative capacity, engage or attempt to engage in any activity that is competitive to the business of the Company within the geographic and substantive area or areas of responsibility assigned to the you during the last 24 months of employment. In addition, you agree that for a period of eighteen (18) months following the termination of employment for any reason, you will not directly or indirectly by assisting others, solicit Company clients, prospects or referral resources; nor will you recruit or hire, or attempt to recruit or hire any other employee of Company or its affiliates, or induce or attempt to induce any employee of Company to terminate employment with Company. You also agree and acknowledge that during the course of your employment with the Company, you will obtain, have access and be privy to nonpublic information important to the Company's business solely as a result of employment with the Company, which information you hereby acknowledge and agree to be confidential ("Confidential Information"). You agree that during and after employment, you shall not divulge or make use of any Confidential Information, directly or indirectly, personally or on behalf of any other person, business, corporation, or entity without prior written consent of the Company. You further agree that you will not, during your employment, engage in conduct which is detrimental to the Company, including violation of the Company's Code of Business Ethics and Conduct, criminal conduct, fraud, or willful misconduct. These covenants are not intended to, and do not, limit in any way the rights and remedies provided to the Company under the Plan, other agreements with you, or under common or statutory law.

9. Repayment of Financial Gain.

(a) If you fail to comply with Section 8 of this Award Agreement, the Company may cancel any unexercised portion of this Option and recover from you the gross amount, before deduction of applicable taxes or other amounts, of any gain realized on the exercise of stock options pursuant to this Option during the 24-month period preceding your breach of any covenant in Section 8 of this Award Agreement.

(b) If you fail to comply with Section 8 of this Award Agreement, upon demand by the Company, you will repay the Company in accordance with the terms of Section 9(a), and the Company shall be entitled to offset the amount of any such repayment obligation against any amount owed to you by the Company. The remedies set forth in this Section are in addition to any other remedies the Company may have, at law or equity, for your violation of the terms of this Award Agreement.

10. Transfer of Option. Except as otherwise determined by the Committee, the Option may not be transferred, assigned or pledged (except by will or the laws of descent and distribution, or pursuant to a domestic relations order).

11. Limitation of Rights. You will not have any rights as a stockholder with respect to the shares of Common Stock covered by the Option until you become the holder of record of such shares by exercising the Option. Neither the Plan, the granting of the Option nor this

Award Agreement gives you any right to remain in the employment of the Company or any Affiliate.

12. 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 of Common Stock or other securities, including preferred stock, or options therefore, dissolve or liquidate, or sell or transfer any part of its assets or business.

13. Restrictions on Issuance of Shares. If at any time the Company determines that the listing, registration or qualification of the shares covered by the Option upon any securities exchange or under any state or federal law, or the approval of any governmental agency, is necessary or advisable as a condition to the exercise of the Option, the Option may not be exercised in whole or in part unless and until such listing, registration, qualification or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

14. Plan Controls. The Option is subject to all of the provisions of the Plan, which is hereby incorporated by reference, and is further subject to all the interpretations, amendments, rules and regulations that may from time to time be promulgated and adopted by the Committee pursuant to 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.

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

16. 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. All parties consent to exclusive personal jurisdiction in New York courts and agree that venue shall be New York State Supreme Court, Monroe County.

* * * * *