

PAYCHEX[®]

INVESTORS CHOICE
HOW THE PLAN WORKS

How do I get started and enroll?

1. To invest online, log on to www.investpower.com and choose the Paychex logo on the sidebar. Then select "Invest Now" and follow the wizard, which will guide you through a six-step process. You will receive an e-mail confirming receipt of your transaction when you complete the wizard as well as an e-mail within two business days confirming the number of shares purchased and their price.
2. To invest by mail, simply fill out an [Enrollment Application](#), which can be obtained by calling 877-814-9688 (toll free).
3. If you own Paychex common stock and it is held at a broker dealer, bank, or trust company in a name other than yours, request that entity to transfer at least one share of stock into your name. If you do not wish to transfer shares into your name, you can still enroll and buy shares as instructed above in "b" but will be subject to the \$250 minimum initial purchase.

How do I purchase additional shares?

You can easily purchase additional shares of Paychex common stock at any time by making optional cash payments. Your optional cash payments are used to purchase shares of Paychex common stock in the open market for your account. Purchases will be made daily. The Plan Administrator may, at its discretion, invest funds less frequently if the total amount to be invested is low. However, funds will be invested no later than five trading days after receipt. No interest will be paid to investors on cash payments by the Plan Administrator pending investment.

You can make an optional cash investment when joining the Plan by enclosing a check or money order with your Enrollment Application. Thereafter, optional cash payments should be mailed with the tear-off portion of your account statement or your purchase transaction advice mailed to you after a purchase is completed by the Plan Administrator. Optional cash payments may also be transacted on by logging on to www.investpower.com and choosing "InvestPower Account Holders." Enter your ten digit account number (provided to you in your account statement) and the last four digits of your social security number. You may then complete your optional cash investment confirmation in two simple steps.

For first-time investors (non-registered holders) the minimum initial investment is \$250. For existing investors who have shares already registered in their name, the minimum investment is \$100. The maximum investment for existing or new investors is \$10,000 per investment.

New investors may call the Plan Administrator for an Enrollment Application to accompany their initial investment. The Plan may also be downloaded from the Plan Administrator's Internet site and mailed or transmitted to the Plan Administrator directly on the Internet.

You may authorize the Plan Administrator, on the Enrollment Application, to make monthly purchases of a specified dollar amount, paid for by automatic withdrawal from your bank account by electronic funds transfer. You may also sign up for monthly electronic funds transferred by accessing the Plan Administrator's Internet site at www.investpower.com (Link to www.paychex.com/popups/invest.aspx) and follow the simple instructions for a faster way to invest. Funds will be withdrawn from your bank account on the 10th day of each month (or the next following day if the 10th is not a business day). Purchases will be made in the open market within five trading days thereafter. All purchases will apply the total funds toward shares as both full shares and fractional shares to three decimal places will be credited to your Plan account. To terminate monthly purchases by automatic withdrawal, you must send the Plan Administrator written, signed instructions.

If a check submitted is returned to the Plan Administrator as "unpaid", the Plan Administrator will resell the shares just purchased and liquidate additional shares, if necessary, to reimburse itself for any fees or loss incurred when reselling the shares from your account.

Must I reinvest dividends?

No. Dividend Reinvestment is a service offered by the Plan for no fee. When you enroll in the Plan by filling out the Enrollment Application, you will indicate whether you want the dividends on your shares reinvested. If you do not indicate a preference, dividends on all your shares will be reinvested in additional shares of Paychex stock on the dividend payment date.

If you choose to receive cash dividends on all your shares, your cash dividend can be wired directly to your bank account. In order to take advantage of this option, your bank or financial institution must be a part of Automated Clearing House (ACH). If you are interested in this option, please call (800) 278-4353 and request forms for Direct Deposit of Dividends.

How are my shares purchased?

The Plan Administrator will apply net dividend funds or cash payments from all participants and commingle them to purchase shares in the open market. The price per share cannot be determined prior to the purchase. Purchases with dividend funds will be made beginning on the dividend payment date. For optional cash payments, purchases are made at least once a week. Purchases may be made as often as daily, depending on investment volume at the discretion of the Plan Administrator.

What price will I pay for my shares?

Since the Plan Administrator buys your shares in the open market, the share price will be the average of all shares purchased for that investment. The share price has the same treatment whether purchasing for initial investors, purchasing for current investors who send optional cash payments or for participant funds for the reinvestment of dividends.

How do I keep track of transactions in my account?

The Plan Administrator will mail you quarterly statements after each reinvestment of dividends reflecting your account balance and all activity for the year. In addition, whenever there is a purchase in your account, an advice will be mailed to serve as confirmation of purchase.

You may also view your transaction history online by logging into your account. Details available online include share price, commission paid, and transaction type and date.

You may also call the Plan Administrator by dialing 1-877-814-9688 (toll free) and follow the instructions of the automated telephone system. You can also speak to a customer service representative by calling the same number during normal business hours Eastern Time. Be sure to keep the Plan account statements for your permanent records, and utilize the tear-off stub to initiate transactions by mail if you prefer.

What is safekeeping of certificates?

If you already own shares of Paychex in stock certificate form, you may elect to deposit the shares represented by those stock certificates into your Plan account for safekeeping with the Plan Administrator. The Plan Administrator will credit these shares to your Plan account in book-entry form. You may later request issuance of a certificate from the Plan Administrator at any time.

To deposit shares with the Plan Administrator, send the stock certificates via registered mail and insure for 2% of the total value of the shares to protect against loss in transit.

If you are not already in the Plan, complete and sign an Enrollment Application to accompany the certificates for safekeeping in the Plan.

How do I withdraw my stock from my Plan account?

You may request that the Plan Administrator issue a certificate for some or all of the full shares held in your Plan account. Use the form on your Plan statement, utilize the automated telephone system, or access the Plan Administrator's Internet site for the greatest convenience and speed. The Plan Administrator will issue a certificate in the exact registration shown on your Plan statements unless otherwise instructed in writing. Certificates will be sent by first class mail, generally within a few days after receiving your request. There is no charge for this service.

How do I transfer shares to another person?

Transfers can be made in book-entry form or a certificate will be issued and sent to the new owner by first class mail. You can transfer to a person who already has a Plan account, or you can set up a new Plan account if the person does not have one. Follow the steps below to complete your transaction.

1. Call the Plan Administrator to request a Plan Brochure and Enrollment Application.
2. Complete the form providing the full registration name, address, and social security number of the new participant.
3. Mail the completed Enrollment Application (Link to www.paychex.com/investor/investorschoice/enroll.pdf) along with a written request indicating the number of shares (full and fractional if any) which should be transferred to the new participant. Make sure all individuals in the current Plan account sign the instructions. The signatures must be guaranteed by a bank, broker dealer, or financial institutional that is a member of a Medallion Signature Guarantee Program.

Can I sell shares in my account?

You may instruct the Plan Administrator to sell any or all shares held in your Plan account in one of three ways:

1. Go to www.investpower.com and log into your account. You may sell shares in two easy steps.
2. Call the toll-free telephone number supplied [in the contact section](#) to access the Administrator's automated telephone system with your sales order.
3. Complete and sign the tear-off portion of your account statement or purchase confirmation and mail the instructions to the Plan Administrator. If there is more than one individual owner on the Plan account, all participants must sign the tear-off portion of the account statement or purchase confirmation.

As with purchases, the Plan Administrator aggregates all requests to sell shares and then sells the total share amount on the open market through a brokerfinancial advisor. Sales will be made no less than once a week and may be made as often as daily at the discretion of the Plan Administrator. The selling price will not be known until the sale is completed. The proceeds of the sale, less an administrative fee of \$15.00 and brokerage dealer commission of \$.10 per share will be sent to you by check within four days following the sale.

Participants should be aware that the price may fluctuate during the period between a request for sale, its receipt by the Plan Administrator and the ultimate sale on the open market. Instructions sent to the Plan Administrator may not be rescinded.

How do I close my account?

You may withdraw from the Plan at any time using the tear-off stub at the bottom of your statement. Upon termination, a certificate for the full shares held in your Plan account will be issued and any fractional share held in the Plan account will be sold. Effective January 1, 2002, you will receive a check for the net proceeds less a service fee of \$15.00 and \$.10 per share brokerage broker dealer commission from the sale of any fractional share. If the stock sold is insufficient to cover the processing fee of \$15.00, a check will not be issued nor will you be billed for any additional fees.

Alternatively, you may direct the Plan Administrator to sell any or all of the shares in your account. Follow the sales procedure outlined above in number 10 and the Plan Administrator will mail you a check for the net proceeds and Form 1099B for income tax purposes.

Please note that if your request to terminate is received after the record date for a current dividend, your account will not be terminated until after the completion of dividend reinvestment of that dividend. However, you may still sell or withdraw up to all whole shares in your Plan account during this period by requesting the appropriate transaction.

After your account is closed, dividends on any shares of Paychex you hold in stock certificate form will be sent to you at the address you provide, or automatically deposited in your bank account in accordance with your instructions.