

**PAYCHEX, INC.**  
**COMPENSATION & LEADERSHIP COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**

**I. PURPOSES**

The primary purposes of the Compensation & Leadership Committee (the “Committee”) are to assist the Board of Directors (the “Board”) in discharging its responsibilities with respect to the following:

1. Design and administration of the Company’s executive and director compensation programs, ensuring that the Company’s officers, management team and directors are compensated in furtherance of the Company’s overall compensation objectives; and
2. Evaluating and determining compensation of members of the Board, Chief Executive Officer (“CEO”), and senior executive officers.

**II. COMPOSITION**

The Committee shall be comprised of two or more non-executive directors, selected by the Board, each of whom satisfies applicable committee composition requirements, including the independence and experience requirements of The NASDAQ Stock Market®. The Committee members shall be appointed and may be removed by the Board. The Board will designate a Committee Chair who will also be the primary contact to management.

**III. MEETINGS**

The Committee shall meet at least three times per year. Additional meetings may occur as the Committee or its Chair deems advisable. Attendance and participation may be in person or through any means by which all persons participating in the meeting can hear each other.

**IV. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Committee shall:

1. Review and recommend the Company’s goals and objectives relevant to CEO and senior executive officer compensation, evaluate the performance of the CEO and senior executive officers in light of those goals and objectives, and set the annual compensation level for the CEO and senior executive officers based on performance evaluations and compensation principles.
2. Annually report on the CEO’s performance and compensation to the Board.
3. Review with management plans for the orderly development and the succession of senior executive officers.
4. Assist the Board in conducting an annual review on succession planning, and work with the Board in evaluating potential successors to executive management positions.
5. Annually evaluate the appropriate level and form of compensation for Board and committee service by nonemployee members of the Board and recommend changes to the Board when appropriate.

6. Approve and make recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans, including amendments (“Plans”).
7. Administer Plans and grant or ratify awards under such plans as provided in the Plan documents.
8. Review executive compensation disclosures and report on executive compensation in the Company’s proxy statements and Annual Report (Form 10-K).
9. Evaluate the Company’s compensation policies to determine if they will have risk that is reasonably likely to have a material adverse effect on the Company and report findings to the Board.
10. Review and evaluate the change in control plan for officers as needed.
11. Evaluate the Company’s results from the shareholder say-on-pay vote and work with Management to determine any necessary actions.
12. Evaluate say-on-pay vote frequency and make a recommendation to the Board with respect to any appropriate changes.
13. Make regular reports to the Board.
14. Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
15. Annually review and evaluate its own performance.
16. Perform such other duties and exercise such other authority as the Board may from time to time determine.

## **V. OUTSIDE ADVISORS**

The Committee has the authority, at the Company’s expense, to retain, to determine the fees and other terms of engagement, and to terminate the engagement of consultants and advisors, which assist it in the discharge of its duties. At least once every three years the Compensation & Leadership Committee will retain a compensation consultant to give a report on whether the current compensation programs and agreements provide an appropriate level of compensation to senior executive officers and Board and whether they provide sufficient retention incentive. In selecting a compensation consultant, the Committee will conduct an independence assessment as outlined in the requirements of The NASDAQ Stock Market®. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel, and other adviser retained by the Committee.