

Paylocity Holding Corp
Form 10-K/A
September 17, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

xANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2015

OR

oTRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File Number 001-36348

PAYLOCITY HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-4066644
(I.R.S. Employer
Identification Number)

3850 N. Wilke Road
Arlington Heights, Illinois 60004
(Address of principal executive offices and zip code)

(847) 463-3200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	The NASDAQ Global Select Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant as of December 31, 2014, the last day of the registrant's most recently completed second fiscal quarter, was \$415,799,087 (based on the closing price for shares of the registrant's common stock as reported by the NASDAQ Global Select Market for the last business day prior to that date).

As of September 9, 2015, there were 50,776,293 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

None

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PAYLOCITY HOLDING CORPORATION

Form 10-K

For the Year Ended June 30, 2015

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EXPLANATORY NOTE

Paylocity Holding Corporation (the Company) is filing this Amendment No. 1 on Form 10-K/A (the Amendment) to its Annual Report on Form 10-K for the fiscal year ended June 30, 2015 (the Original Form 10-K), which was originally filed with the U.S. Securities and Exchange Commission (the SEC) on August 14, 2015, solely to set forth information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K. This Amendment amends and restates in its entirety Items 10, 11, 12, 13 and 14 of Part III. In addition, in accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Item 15 of Part IV of the Original Form 10-K has been amended and restated solely to include as exhibits new certifications by our principal executive officer and principal financial officer.

Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Form 10-K or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment should be read in conjunction with the Original Form 10-K and the Company's other filings with the SEC.

Table of Contents**PART III****Item 10. Directors, Executive Officers and Corporate Governance****Directors**

We have a classified board of directors consisting of two Class I directors, two Class II directors and two Class III directors. At each annual meeting of stockholders, directors are elected for a term of three years to succeed those directors whose terms expire at the annual meeting date. Information regarding our directors as of September 9, 2015 is set forth below.

Name	Position	Age	Director Since
<i>Class I Directors Whose Terms Expire at the 2018 Annual Meeting of Stockholders:</i>			
Steven I. Sarowitz	Chairman	49	1997
Jeffrey T. Diehl	Director	45	2008
<i>Class II Directors Whose Terms Expire at the 2016 Annual Meeting of Stockholders:</i>			
Mark H. Mishler	Director	56	2013
Ronald V. Waters, III	Director	63	2013
<i>Class III Directors Whose Terms Expire at the 2017 Annual Meeting of Stockholders:</i>			
Steven R. Beauchamp	President, Chief Executive Officer and Director	43	2007
Andres D. Reiner	Director	44	2014

Class I Directors Whose Terms Expire at the 2018 Annual Meeting of Stockholders

Steven I. Sarowitz founded Paylocity in 1997 and is our Chairman. Mr. Sarowitz is currently the Chief Executive Officer of Blue Marble Payroll, an international payroll aggregator. Prior to founding Paylocity, Mr. Sarowitz worked at Robert F. White, a Chicago-based independent payroll service firm. He later was an executive at three privately-held payroll companies. Mr. Sarowitz formerly served as President of the Independent Payroll Providers Association. Mr. Sarowitz holds a B.A. in Economics from the University of Illinois at Urbana. Mr. Sarowitz brings to our board of directors extensive executive leadership and operational experience in payroll services companies, and his experience and familiarity with our business as the founder and Chairman.

Jeffrey T. Diehl has served as a director since May 2008. Mr. Diehl is currently the Managing Partner of Adams Street Partners, LLC, a global private equity investment management firm. Prior to joining Adams Street Partners in 2000, Mr. Diehl worked at Brinson Partners/UBS Global Asset Management and The Parthenon Group. Mr. Diehl serves as a director of various private companies and a public company, Q2 Holdings, Inc., a virtual banking solutions company. Mr. Diehl holds a B.S. from Cornell University and an M.B.A. from Harvard University. Mr. Diehl brings

to our board of directors years of experience as an advisor to a wide range of technology companies, including companies in the software, IT-enabled business services and consumer Internet/media sectors. Mr. Diehl's experience with the growth and development of technology companies provides our board of directors with a unique perspective on our long-term strategy.

Class II Directors Whose Terms Expire at the 2016 Annual Meeting of Stockholders

Mark H. Mishler has served as a director since November 2013. Since 2011, Mr. Mishler has served as the President and Chief Executive Officer and as a director of Interstate National Corporation (INC), a service contract and extended warranty program provider, and in April 2014 Mr. Mishler was elected Chairman of INC. From 2002 to 2010, Mr. Mishler served as President, Chief Operating Officer and as a Director of The Warranty Group, a warranty service contract provider. Mr. Mishler holds a B.S. in Accounting from Robert Morris University. Mr. Mishler is a retired officer of the United States Army. Mr. Mishler brings to our board of directors 30 years of business experience in positions such as controller, chief financial officer, chief operating officer and chief executive officer. In addition, Mr. Mishler has served as a director on numerous boards. Mr. Mishler brings to our board of directors significant finance experience derived primarily from his previous service as a controller and chief financial officer.

Ronald V. Waters, III has served as a director since November 2013. Mr. Waters has been an independent business consultant since May 2010. From 2009 to May 2010, he was a Director and the President and Chief Executive Officer of LoJack Corporation, or LoJack, a worldwide marketer of wireless tracking and recovery systems for valuable mobile assets, and, from 2007 to 2008, he was a Director and the President and Chief Operating Officer of LoJack. He is a director of Fortune Brands Home & Security, Inc., a home and security products company and HNI Corp., a manufacturer of office furniture and a manufacturer and marketer of gas- and wood-burning fireplaces. From 2012 to 2015, Mr. Waters served as a director of Chiquita Brands International, Inc., an international marketer and distributor of food products. From 2006 to 2007, Mr. Waters served as a director of Sabre Holdings Corporation. Mr. Waters brings to our board of directors leadership experience through his former role as Chief Executive Officer of LoJack and

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significant finance expertise derived primarily from his current service on the audit committee of another public company and previous roles as a director and Chief Operating Officer at a public company, Chief Financial Officer at Wm. Wrigley Jr. Company, Controller at The Gillette Company and partner of a large public accounting firm. Mr. Waters also brings to our board of directors international, legal and information technology expertise derived primarily from his service in various roles at several large public companies.

Class III Directors Whose Terms Expire at the 2017 Annual Meeting of Stockholders

Steven R. Beauchamp is our President and Chief Executive Officer and a director. Prior to joining Paylocity in 2007, Mr. Beauchamp was employed by Paychex, Inc., from September 2002 to August 2007 and served as VP of Product Management and as a Corporate Officer. Mr. Beauchamp also served as Vice President of Payroll Operations for Advantage Payroll Services, Inc. from August 2001 to September 2002 after Advantage Payroll acquired Payroll Central where he served as President from May 1999 to August 2001. Mr. Beauchamp also spent three years in operations management with ADP Canada from May 1995 to April 1998. Mr. Beauchamp holds a B.B.A. from Wilfrid Laurier University and an M.B.A. from Queen's University. Mr. Beauchamp brings to our board of directors over 15 years of experience in management positions in payroll services companies, and his experience and familiarity with our business as our President and Chief Executive Officer.

Andres D. Reiner has served as a director since September 2014. Since 2010, Mr. Reiner has served as the President and Chief Executive Officer and a director of PROS Holdings, Inc., or PROS, an enterprise software company. Since 1999, and prior to his appointment as President and Chief Executive Officer, Mr. Reiner held a series of positions with PROS, including Senior Vice President of Product Development and Executive Vice President of Product and Marketing. Prior to joining PROS, Mr. Reiner held various technical and management positions in technology companies including Platinum Technology, ADAC Healthcare Information Systems, and Kinesix. Mr. Reiner holds a B.S. in Computer Science with a minor in Mathematics from the University of Houston. Mr. Reiner brings to our board of directors leadership experience through his role as President and Chief Executive Officer of PROS, as well as knowledge and experience with product development and innovation at technology companies.

The following table sets forth the standing committees of the board of directors and the members of each committee as of September 9, 2015:

Name of Director	Audit	Compensation	Nominating and Corporate Governance
Steven R. Beauchamp			
Jeffrey T. Diehl	X		Chair
Mark H. Mishler	X	Chair	X
Andres D. Reiner		X	X
Steven I. Sarowitz			
Ronald V. Waters, III	Chair	X	

Audit Committee

The members of the audit committee are Messrs. Diehl, Mishler and Waters, each of whom is a non-employee member of our board of directors. Mr. Waters serves as the chair of the audit committee. Our board of directors determined that each of Messrs. Diehl, Mishler and Waters is independent for purposes of the rules of the Nasdaq Global Select Market (the Nasdaq Listing Rules) and SEC rules and regulations as they apply to audit committee members. Our board of directors has determined that each of Messrs. Diehl, Mishler and Waters meet the requirements for financial literacy and sophistication, and that Mr. Waters qualifies as an audit committee financial expert, under the applicable requirements of the Nasdaq Listing Rules and SEC rules and regulations. The composition of our audit committee complies with all applicable requirements in the Nasdaq Listing Rules and SEC rules and regulations.

Compensation Committee

The members of the compensation committee are Messrs. Mishler, Reiner and Waters, each of whom is a non-employee member of our board of directors. Mr. Mishler serves as the chairperson of the compensation committee. Our board of directors has determined that each member of the compensation committee is independent for purposes of the Nasdaq Listing Rules, is a non-employee director, as defined by Rule 16b-3 promulgated under the Exchange Act, and is an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code, as amended.

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In April 2014, the compensation committee selected Compensia, Inc. (Compensia) to provide independent compensation consulting support. Compensia has provided market information on compensation trends and practices and makes compensation recommendations based on competitive data of a peer group of companies. Compensia is also available to perform special projects at the compensation committee's request. Compensia provides analyses and recommendations that inform the compensation committee's decisions, but does not decide or approve any compensation actions. As needed, the compensation committee also consults with Compensia on other compensation-related matters, which for fiscal 2015 included a review of total cash and stock-based compensation for Paylocity's executives including long-term incentive related compensation. The engagement of any compensation consultant rests exclusively with the compensation committee, which has sole authority to retain and terminate any compensation consultant or other advisor that it uses.

The compensation committee has assessed the independence of Compensia and concluded that no conflicts of interest exist that would prevent Compensia from providing independent and objective advice to the compensation committee.

Nominating and Corporate Governance Committee

The members of the nominating and corporate governance committee are Messrs. Diehl, Mishler and Reiner. Mr. Diehl serves as the chairperson of the nominating and corporate governance committee. Our board of directors determined that each member of our nominating and corporate governance committee is independent for purposes of the Nasdaq Listing Rules and under applicable SEC rules and regulations.

Committee Charters and Other Corporate Governance Materials

We have adopted a Code of Business Conduct and Ethics (the Code), that applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) and directors. The Code is available on the investor relations section of our website at <http://investors.paylocity.com>. A printed copy of the Code may also be obtained by any stockholder free of charge upon request to the Corporate Secretary, Paylocity Holding Corporation, 3850 N. Wilke Road, Arlington Heights, Illinois 60004. Any substantive amendment to or waiver of any provision of the Code may be made only by the board of directors, and will be disclosed on our website as well as via any other means then required by Nasdaq Listing Rules or applicable law.

Our board of directors has also adopted a written charter for each of the audit committee, the compensation committee and the nominating and corporate governance committee. Each charter is available on the investor relations section of our website at <http://investors.paylocity.com>.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines (the Guidelines) that address the composition of the board, criteria for board membership and other board governance matters. These Guidelines are available on the investor relations section of our website at <http://investors.paylocity.com>. A printed copy of the Guidelines may also be obtained by any stockholder free of charge upon request to the Corporate Secretary, Paylocity Holding Corporation, 3850 N. Wilke Road, Arlington

Heights, Illinois 60004.

Executive Officers

The following table sets forth information regarding our executive officers as of September 9, 2015. Mr. Beauchamp's biography can be found on page 3 of this Amendment with the biographies of the other members of the board of directors. Biographies for our other executive officers, including our other named executive officers, are below.

Name	Age	Position
Steven R. Beauchamp	43	President, Chief Executive Officer and Director
Peter J. McGrail	56	Chief Financial Officer
Michael R. Haske	43	Senior Vice President of Sales & Marketing
Edward W. Gaty	42	Senior Vice President of Product Development
Mark S. Kinsey	45	Senior Vice President of Operations

Peter J. McGrail is our Chief Financial Officer. Prior to joining Paylocity in 2010, Mr. McGrail served from 2007 to 2009 as Chief Financial Officer of FetchDog, a pet accessory catalog and Internet sales company. Mr. McGrail also served previously as Chief Financial Officer for two payroll services companies: Advantage Payroll Services, Inc. from 1999 to 2003 and CompuPay, Inc. from 2005 to 2007. Mr. McGrail also spent seven years at the Boston office of KPMG Peat Marwick, now KPMG, where he was an audit

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manager and attained his CPA designation. Mr. McGrail holds a Master's Degree in Accounting from Bentley University and a B.A. in Economics from Colgate University.

Michael R. Haske is our Senior Vice President of Sales & Marketing. Prior to joining Paylocity in 2007, Mr. Haske held several roles at Paychex, Inc., including Director of Marketing and Business Development and Regional Manager. Prior to joining Paychex, Inc., Mr. Haske held multiple roles with Automatic Data Processing, Inc., including Sales Manager & Corporate Sales Trainer. Mr. Haske earned his B.A. degree in Marketing and Finance from the University of Michigan. He also earned an M.B.A. in Marketing from Cardean/Ellis NYIT.

Edward W. Gaty is our Senior Vice President of Product Development. Prior to joining Paylocity in July 2013, Mr. Gaty held several positions at Hewitt Associates and Aon Hewitt, a human resources consulting firm, from 1995 to 2013, including Chief Information Officer, Benefits Administration and Chief Technology Officer, Benefits Administration. Mr. Gaty holds a B.A. in Economics & Business Administration from Kalamazoo College and an M.S. in Information Technology from Northwestern University.

Mark S. Kinsey is our Senior Vice President of Operations. Prior to joining Paylocity in May 2015, Mr. Kinsey served as President of Online Data Collection at Ipsos from 2012 to 2015. Prior to joining Ipsos, Kinsey held several positions at The Nielsen Company from 2002 to 2012, including Head of North America Consumer Operations and Global Product Leader of consumer household panel services. Before joining The Nielsen Company, Kinsey was a consultant in the general practice with AT Kearney, a management consulting firm. He holds a B.S. in Finance from Ball State University and an M.B.A. from Indiana University.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us, and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and greater-than-10% stockholders during the fiscal year ended June 30, 2015 were satisfied.

Table of Contents**Item 11. Executive Compensation****Summary Compensation Table**

The following table presents compensation information for the fiscal years ended June 30, 2014 and 2015 paid to, or earned by, our principal executive officer and our two other most highly compensated executive officers as of June 30, 2015. We refer to these executive officers as our named executive officers in this Amendment. For the fiscal year ended June 30, 2015 our named executive officers were Steven R. Beauchamp, Michael R. Haske and Peter J. McGrail.

Name and Principal Position	Year	Salary	Stock-based Compensation(1)	Bonus(2)	All Other Compensation	Total
Steven R. Beauchamp <i>President and Chief Executive Officer</i>	2015	\$ 445,905	\$ 2,404,196	\$ 425,250	\$ 23,825(3)	\$ 3,299,176
	2014	425,863	127,003	102,226	22,633	677,725
Peter J. McGrail <i>Chief Financial Officer</i>	2015	267,904	645,460	187,518	16,819(3)	1,117,701
Michael R. Haske <i>Senior Vice President of Sales & Marketing</i>	2015	306,333	540,160	218,000	26,254	1,090,747
	2014	259,023	127,003	203,236(4)	22,503	611,765

(1) Amounts represent the aggregate grant date fair value of stock awards granted during the year computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (ASC Topic 718). Assumptions used in calculating these stock awards in this column are set forth in Note 14 *Benefit Plans* of the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015. Note that the amounts reported in this column reflect the accounting cost for these awards, and do not correspond to the actual economic value that our named executive officers may receive from these awards.

(2) Includes discretionary annual bonus payouts determined by our compensation committee. Our management team establishes an annual business plan for the Company which is approved by the board of directors. At the end of our fiscal year, our compensation committee considers each named executive officer s performance relative to the attainment of our business plan for the year and meets to discuss, develop and approve the bonus amounts payable to each named executive officer based on his performance.

(3) Includes premiums paid for medical and dental insurance of \$10,527.

(4) Also includes a monthly bonus based on the prior month s commissionable sales.

Potential Payments Upon Termination and Change in Control

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Each of our named executive officers is subject to certain obligations relating to non-competition, non-solicitation, proprietary information and assignment of inventions. Pursuant to these obligations, each named executive officer has agreed (i) not to solicit our employees or customers during employment and for a period of 12 months after the termination of employment, (ii) not to compete with us or assist any other person to compete with us during employment and (iii) to protect our confidential and proprietary information and to assign to us intellectual property developed during the course of employment.

In addition, we have entered into employment agreements with each of our named executive officers. The following is a summary of the employment agreements with our named executive officers.

Steven R. Beauchamp is party to an amended and restated employment agreement with us effective February 7, 2014. This employment agreement has no specific term and constitutes at-will employment. Mr. Beauchamp's current annual base salary is \$475,000. Mr. Beauchamp is also eligible to receive benefits that are substantially similar to those of our other employees. His employment agreement also provides for an annual bonus, which is currently targeted at 80% of Mr. Beauchamp's base salary. Payment of any bonus to Mr. Beauchamp is subject to approval by the compensation committee of our board of directors.

Pursuant to this agreement, in the event Mr. Beauchamp is terminated for any reason (other than for cause (as such term is defined in the employment agreement), as a result of his death or his inability to perform the essential functions of his position with or without reasonable accommodation), we will be obligated to pay him 100% of his then current monthly base salary for 12 months. These severance benefits are contingent on Mr. Beauchamp executing a general release of claims. In addition, pursuant to his

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employment agreement, Mr. Beauchamp has agreed (i) not to solicit our employees or customers during employment and for a period of 12 months after the termination of employment, (ii) not to compete with us or assist any other person to compete with us during employment and a period of 12 months after the termination of employment and (iii) to protect our confidential and proprietary information and to assign to us intellectual property developed during the course of employment.

Peter J. McGrail is party to an amended and restated employment agreement with us effective February 7, 2014. This employment agreement has no specific term and constitutes at-will employment. Mr. McGrail's current annual base salary is \$325,000. Mr. McGrail is also eligible to receive benefits that are substantially similar to those of our other employees. His employment agreement also provides for an annual bonus, which is currently targeted at 70% of Mr. McGrail's base salary. Payment of any bonus to Mr. McGrail is subject to approval by the compensation committee of our board of directors.

Pursuant to this agreement, in the event Mr. McGrail is terminated for any reason (other than for cause (as such term is defined in the employment agreement), as a result of his death or his inability to perform the essential functions of his position with or without reasonable accommodation), we will be obligated to pay him 100% of his then current monthly base salary for 12 months. These severance benefits are contingent on Mr. McGrail executing a general release of claims. In addition, pursuant to his employment agreement, Mr. McGrail has agreed (i) not to solicit our employees or customers during employment and for a period of 12 months after the termination of employment, (ii) not to compete with us or assist any other person to compete with us during employment and a period of 12 months after the termination of employment and (iii) to protect our confidential and proprietary information and to assign to us intellectual property developed during the course of employment.

Michael R. Haske is party to an amended and restated employment agreement with us effective February 7, 2014. This employment agreement has no specific term and constitutes at-will employment. Mr. Haske's current annual base salary is \$350,000. Mr. Haske is also eligible to receive benefits that are substantially similar to those of our other employees. His employment agreement also provides for an annual bonus, which is currently targeted at 60% of Mr. Haske's current base salary, and for a monthly bonus based on the prior month's sales by commissionable sales by all sales personnel. Payment of any bonus to Mr. Haske is subject to approval by the compensation committee of our board of directors.

Pursuant to this agreement, in the event Mr. Haske is terminated for any reason (other than for cause (as such term is defined in the employment agreement), as a result of his death or his inability to perform the essential functions of his position with or without reasonable accommodation), we will be obligated to pay him 100% of his then current monthly base salary for twelve months. These severance benefits are contingent on Mr. Haske executing a general release of claims. In addition, pursuant to his employment agreement, Mr. Haske has agreed (i) not to solicit our employees or customers during employment and for a period of 12 months after the termination of employment, (ii) not to compete with us or assist any other person to compete with us during employment and a period of 12 months after the termination of employment and (iii) to protect our confidential and proprietary information and to assign to us intellectual property developed during the course of employment.

In addition, in the event of a change in control of the Company, all unvested shares subject to outstanding equity awards with time-based vesting issued to each of our named executive officers will vest in full immediately prior to, and contingent upon, the change in control, subject to such named executive officer's continuous service to the Company through the date of the change in control.

401(k)

We have established a tax-qualified employee savings and retirement plan for all employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under our 401(k) plan, employees may elect to reduce their current compensation by up to the statutory limit, \$18,000 in 2015, and have us contribute the amount of this reduction to the 401(k) plan. During fiscal 2015, we matched up to 50% of employee contributions, but not exceeding 6% of gross pay per employee. Our contributions for the year ended June 30, 2015 were \$1,656,000. We intend for the 401(k) plan to qualify under Section 401 of the Internal Revenue Code so that contributions by employees or by us to the 401(k) plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) plan.

Pension Benefits

We did not sponsor any defined benefit pension or other actuarial plan for our named executive officers during fiscal 2015.

Nonqualified Deferred Compensation

We did not maintain any nonqualified defined contribution or other deferred compensation plans or arrangements for our named executive officers during fiscal 2015.

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Outstanding Equity Awards at June 30, 2015

The following table sets forth information regarding outstanding equity awards held by our named executive officers at June 30, 2015.

Name	Number of Securities Underlying Unexercised Options Exercisable(1)	Option Awards			Stock Awards	
		Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of shares or units of stock that have not vested	Market Value of shares or units of stock that have not vested
Steven R. Beauchamp	250,000(2)	250,000(2)	\$ 4.88	8/21/2022	48,700(5)	\$1,745,895(5)
	5,555(3)	11,111(3)	\$ 17.00	3/18/2024		
		107,400(4)	\$ 24.80	8/18/2024		
Peter J. McGrail	608,058		1.31	6/20/2020	13,000(5)	\$466,050(5)
	27,777(3)	55,556(3)	\$ 17.00	3/18/2024		
		29,000(4)	\$ 24.80	8/18/2024		
Michael R. Haske	150,000(2)	150,000(2)	\$ 4.88	8/21/2022	11,000(5)	\$394,350(5)
	5,555(3)	11,111(3)	\$ 17.00	3/18/2024		
		24,000(4)	\$ 24.80	8/18/2024		

(1) Shares of common stock.

(2) This option grant vests as to 1/4 of the total option grant on July 1, 2013, and thereafter as to 1/4 of the total option grant yearly.

(3) The option grant vests as to 1/3 of the total option grant on March 24, 2015, and thereafter as to 1/3 of the total option grant yearly.

(4) The option grant vests as to 1/4 of the total option grant on August 18, 2015, and thereafter as to 1/4 of the total option grant yearly.

(5) The RSUs will vest annually in four equal installments beginning on August 18, 2015.

Compensation of Directors

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In September 2014, we implemented a director compensation package, pursuant to which our directors are eligible to receive equity awards and cash retainers as compensation for service on our board of directors and committees of our board of directors. Under our director compensation package, our directors are entitled to receive a \$30,000 annual retainer fee. The audit committee chairperson receives an annual fee of \$20,000 and members of the audit committee receive an annual fee of \$10,000. The compensation committee chairperson receives an annual fee of \$15,000 and members of the compensation committee receive an annual fee of \$7,500. The nominating and corporate governance committee chairperson receives an annual fee of \$10,000 and the members of the nominating and corporate governance committee receive an annual fee of \$5,000. On August 18, 2014 (and September 8, 2014 in the case of Mr. Reiner), the compensation committee of our board of directors approved a restricted stock unit grant entitling each director to receive that number of shares of our common stock equal to \$150,000 divided by the then current share price of our common stock (with such amount prorated, in the case of Mr. Reiner, to reflect the date of his appointment). These grants vest 25% quarterly, such that the grant vests in full on the first anniversary of the grant, provided that the director continues to serve as a director through such vesting date.

In August 2015, the compensation committee of our board of directors approved a restricted stock unit grant entitling each director to receive that number of shares of our common stock equal to \$150,000 divided by the then current share price of our common stock. These grants vest 25% quarterly, such that the grant vests in full on the first anniversary of the grant, provided that the director continues to serve as a director through such vesting date. In September 2015, our board of directors affirmed that the director's cash compensation package for fiscal 2016 would remain unchanged from the cash compensation package for fiscal 2015.

The following table sets forth information concerning the compensation earned during the last fiscal year by each director who received such compensation. Our Chief Executive Officer did not receive additional compensation for his service as a director and, consequently, no additional compensation is included in the table. The compensation received by our Chief Executive Officer as an employee is presented in the Summary Compensation Table.

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Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	All Other Compensation(\$)	Total (\$)
Steven R. Beauchamp	\$	\$	\$	\$
Jeffrey T. Diehl	47,083(2)	149,990		197,073
Mark H. Mishler	57,917(3)	149,990		207,907
Andres D. Reiner	29,958(4)	141,366		171,324
Steven I. Sarowitz	32,500(5)	149,990	6,916	189,406
Ronald V. Waters, III	56,875(6)	149,990		206,865

The following table sets forth information regarding outstanding equity awards held by our directors at June 30, 2015. Equity awards held by our Chief Executive Officer is presented in the Outstanding Equity Awards at June 30, 2015 table.

Name	Stock Awards	
	Number of shares or units of stock that have not vested	Market Value of shares or units of stock that have not vested (\$)
Jeffrey T. Diehl	1,512(7)	\$54,205(7)
Mark H. Mishler	2,222(8)	79,659(8)
	1,512(7)	54,205(7)
Andres D. Reiner	1,504(7)	53,918(7)
Steven I. Sarowitz	1,512(7)	54,205(7)
Ronald V. Waters, III	2,222(8)	79,659(8)
	1,512(7)	54,205(7)

(1) Amounts represent the aggregate grant date fair value of restricted stock units granted during the year computed in accordance with ASC Topic 718. Assumptions used in calculating the amounts reported in this column are set forth in Note 14 *Benefit Plans* of the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015. Note that the amounts reported in this column reflect the accounting cost for these awards, and do not correspond to the actual economic value that our directors may receive from the awards.

(2) Consists of \$30,000 annual retainer fee for service on the board of directors, \$10,000 annual fee for service on the audit committee and \$10,000 annual fee for service as the chairman of the nominating and corporate governance committee. These annual fees have been prorated for the periods Mr. Diehl served in these committees and the existing committee compensation structure was in place during fiscal 2015.

(3) Consists of \$30,000 annual retainer fee for service on the board of directors, \$10,000 annual fee for service on the audit committee, \$15,000 annual fee for services as the chairman of the compensation committee and \$5,000 annual fee for service on the nominating and corporate governance committee. These annual fees have been prorated for the periods Mr. Mishler served in these committees and the existing committee compensation structure was in place during fiscal 2015.

(4) Consists of \$30,000 annual retainer fee for service on the board of directors, \$7,500 annual fee for services on the compensation committee and \$5,000 annual fee for service on the nominating and corporate

governance committee. These annual fees have been prorated for the periods Mr. Reiner served in these committees and the existing committee compensation structure was in place during fiscal 2015.

(5) Consists of \$30,000 annual retainer fee for service on the board of directors and \$10,000 annual fee for service as the chairman of the nominating and corporate governance committee until January 2015. These annual fees have been prorated for the periods Mr. Sarowitz served in these committees and the existing committee compensation structure was in place during fiscal 2015.

(6) Consists of \$30,000 annual retainer fee for service on the board of directors, \$20,000 annual fee for service as the chairman of audit committee and \$7,500 annual fee for services on the compensation committee. These annual fees have been prorated for the periods Mr. Waters served in these committees and the existing committee compensation structure was in place during fiscal 2015.

(7) The RSUs will vest on August 18, 2015.

(8) The RSUs will vest on March 24, 2016.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table and footnotes set forth information with respect to the beneficial ownership of our common stock as of September 9, 2015 by:

- each stockholder, or group of affiliated stockholders, who we know beneficially owns more than 5% of the outstanding shares of our common stock;
- each of our named executive officers;
- each of our current directors; and
- all of our current directors and current executive officers as a group.

Beneficial ownership of shares is determined under the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power.

Applicable percentage ownership in the following table is based on 50,776,293 shares of common stock outstanding as of September 9, 2015. Shares of common stock subject to options currently exercisable or exercisable within 60 days of September 9, 2015 are deemed to be outstanding for calculating the number and percentage of outstanding shares of the person holding such options, but are not deemed to be outstanding for calculating the percentage ownership of any other person. Beneficial ownership or voting power representing less than 1% is denoted with an asterisk (*).

Shares shown in the table below include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account. Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed, except for those jointly owned with that person's spouse.

Unless otherwise noted below, the address of each person listed on the table is c/o Paylocity Holding Corporation, 3850 N. Wilke Road, Arlington Heights, Illinois 60004.

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Name of Beneficial Owner	Number of Shares of Common Stock	Percentage of Common Stock Owned
5% Stockholders:		
Entities affiliated with Adams Street Partners(1)	9,337,430	18.4%
Named Executive Officers and Directors:		
Jeffrey T. Diehl(1)	9,337,430	18.4%
Steven I. Sarowitz(2)	18,957,100	37.3%
Steven R. Beauchamp(3)	3,058,952	6.0%
Michael R. Haske(4)	1,853,987	3.6%
Peter J. McGrail(5)	648,367	1.3%
Mark H. Mishler(6)	22,154	*
Ronald V. Waters, III(7)	21,554	*
Andres D. Reiner(8)	7,075	*
All executive officers and directors as a group (10 persons)(9)	33,969,630	65.2%

(1) Represents 1,062 shares issuable to Jeffrey T. Diehl upon the vesting of restricted stock units within 60 days of September 9, 2015, 1,805,847 shares held by Adams Street 2006 Direct Fund, L.P., or AS 2006, 2,039,298 shares held by Adams Street 2007 Direct Fund, L.P., or AS 2007, 2,916,394 shares held by Adams Street 2008 Direct Fund, L.P., or AS 2008, 604,524 shares held by Adams Street 2009 Direct Fund, L.P., or AS 2009, 343,403 shares held by Adams Street 2010 Direct Fund, L.P., or AS 2010, 275,890 shares held by Adams Street 2011 Direct Fund LP, or AS 2011, 276,871 shares held by Adams Street 2012 Direct Fund LP, or AS 2012 and 1,068,093 shares of common stock held by Adams Street Co-Investment Fund II, L.P., or AS CIF. The shares owned by AS 2006, AS 2007, AS 2008, AS 2009, AS 2010, AS 2011, AS 2012 and AS CIF may be deemed to be beneficially owned by Adams Street Partners, LLC, or ASP, the managing member of the general partner of each of AS 2006, AS 2007, AS 2008, AS 2009, AS 2010, AS 2011, AS 2012 and AS CIF. Thomas D. Berman, David Brett, Jeffrey T. Diehl, Elisha P. Gould III, Michael S. Lynn, Robin P. Murray, Sachin Tulyani, Craig D. Waslin and David Welsh, each of whom is a partner of Adams Street Partners, LLC (or a subsidiary thereof) may be deemed to have shared voting and investment power over the shares. The address of each of AS 2006, AS 2007, AS 2008, AS 2009, AS

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2010, AS 2011, AS 2012, AS CIF and ASP is One North Wacker Drive, Suite 2200, Chicago, Illinois 60606. Mr. Diehl is a member of our board of directors.

(2) Includes 1,062 shares issuable upon vesting of restricted stock units within 60 days of September 9, 2015. Mr. Sarowitz is currently our Chairman and resigned as our Executive Chairman effective June 30, 2014.

(3) Includes 407,405 shares issuable upon the exercise of options exercisable within 60 days of September 9, 2015 and 145,000 shares held by the IRIE Family Trust where Mr. Beauchamp's spouse is the trustee. Mr. Beauchamp is our President and Chief Executive Officer and is a director.

(4) Includes 236,555 shares issuable upon the exercise of options exercisable within 60 days of September 9, 2015. Mr. Haske is our Senior Vice President of Sales & Marketing.

(5) Includes 643,085 shares issuable upon the exercise of options exercisable within 60 days of September 9, 2015. Mr. McGrail is our Chief Financial Officer.

(6) Includes 1,062 shares issuable upon the vesting of restricted stock units within 60 days of September 9, 2015. Mr. Mishler is a member of our board of directors.

(7) Includes 1,062 shares issuable upon the vesting of restricted stock units within 60 days of September 9, 2015. Mr. Waters is a member of our board of directors.