

CORPORATE OFFICE PROPERTIES TRUST  
 Form 5  
 January 07, 2014

**FORM 5**

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

OMB APPROVAL  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
 HAMLIN CLAY W III

2. Issuer Name and Ticker or Trading Symbol  
 CORPORATE OFFICE PROPERTIES TRUST [OFC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/05/2013

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6711 COLUMBIA GATEWAY DRIVE, SUITE 300

(Street)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

COLUMBIA, MD 21046

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3)            | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--------------------------------------|--|--------------------------------|---|--|--|---|
| Units of Corporate Office Properties, L.P. | 12/05/2013                           |  | G                              | 1,952 D   | \$ (2) 1,003,960 (1)   | D  |   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|-------------------------------|
|  |  |                                      |  |                                | (A) (D)   | Date Exercisable   | Expiration Date   | Title                                      | Number of Shares              |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| HAMLIN CLAY W III<br>6711 COLUMBIA GATEWAY DRIVE<br>SUITE 300<br>COLUMBIA, MD 21046 | X             |           |         |       |

## Signatures

Karen M. Singer, by Power of Attorney  
Date: 01/06/2014

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Units in Corporate Office Properties, L.P. are held as follows: 61,442 units owned by Clay W. Hamlin, III, 821,107 units owned by LBCW, L.P. and 121,411 units owned by Lynn Hamlin.
- (2) These units were donated to charitable organizations.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ily:Times New

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See Note 5 for further information on the fair value of debt.

#### 8. EMPLOYEE SAVINGS PLAN AND EMPLOYEE STOCK PURCHASE PLAN

Our employees that are over the age of 18 and have completed ninety (90) days of service are eligible to participate in our 401(k) plan. We have made a Qualified Automatic Contribution Arrangement (“QACA”) election, whereby we make a matching contribution for our employees equal to 100% of the first 1% of salary deferrals and 50% of salary deferrals between 2% and 6%, up to a maximum matching contribution of 3.5% of an employee’s salary each plan year. We are allowed to make additional discretionary matching contributions and discretionary profit sharing contributions. Employees are 100% vested in amounts attributable to salary deferrals and rollover contributions. The QACA matching contributions as well as the discretionary matching and profit sharing contributions vest 100% after two years of employment from the date of hire. Matching contributions amounted to \$4.1 million, \$3.5 and \$2.4 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The ESPP has overlapping offering periods, with each offering period lasting approximately 24 months. At the beginning of each offering period, eligible employees may elect to contribute, through payroll deductions, up to 10% of their compensation, subject to an annual per employee maximum. Eligible employees purchase shares of the Company’s common stock at a price equal to 85% of the fair market value of the shares on the exercise date. The maximum number of shares that may be purchased by a participant during each offering period is 2,000 shares, subject to IRS limits. The shares reserved for purposes of the ESPP are shares we purchase in the open market. The maximum aggregate number of shares of the Company’s common stock that may be purchased by all participants under the ESPP is 2,000,000 shares. During the year ended December 31, 2017, eligible employees purchased 76,728 shares of the Company’s common stock under the ESPP. Compensation expense related to the ESPP is recognized on a straight-line basis over the requisite service period. Our compensation expense related to the ESPP was \$0.8 million, \$0.6 million and \$0.4 million for the years ended December 31, 2017, 2016 and 2015, respectively.

#### 9. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is based on the weighted average number of shares of common stock outstanding for the period. Diluted EPS is computed in a similar manner to basic EPS after assuming the issuance of shares of common stock for all potentially dilutive shares of restricted stock whether or not they are vested.

In accordance with ASC Topic 260 “Earnings Per Share”, the two-class method determines earnings for each class of common stock and participating securities according to an earnings allocation formula that adjusts the income available to common stockholders for dividends or dividend equivalents and participation rights in undistributed earnings. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing earnings per share pursuant to the two-class method. The outstanding restricted shares of stock that were issued on July 8, 2015, are considered participating securities.

Paycom Software, Inc.

Notes to the Consolidated Financial Statements

The following is a reconciliation of net income and the shares of common stock used in the computation of basic and diluted net earnings per share (dollars in thousands, except per share amounts):

|  | Year Ended December 31, |            |            |
|--|-------------------------|------------|------------|
|  | 2017                    | 2016       | 2015       |
| <b>Numerator:</b>  |                         |            |            |
| Net income   | \$66,807                | \$43,840   | \$20,945   |
| Less: income allocable to participating securities                     | (171 )                  | (333 )     | (270 )     |
| Income allocable to common shares                                      | \$66,636                | \$43,507   | \$20,675   |
| Add back: undistributed earnings allocable to participating securities | 171                     | 333        | 270        |
| Less: undistributed earnings reallocated to participating securities   | (168 )                  | (333 )     | (264 )     |
| Numerator for diluted earnings per share                               | \$66,639                | \$43,507   | \$20,681   |
| <b>Denominator:</b>  |                         |            |            |
| Weighted average common shares outstanding                             | 50,315,455              | 50,315,455 | 50,315,455 |
| Weighted average common shares repurchased                             | (1,526,930 )            | (286,699 ) | —          |
| Adjustment for vested restricted stock                                 | 9,050,630               | 7,521,448  | 6,179,715  |
| Shares for calculating basic earnings per share                        | 57,839,155              | 57,550,204 | 56,495,170 |
| Dilutive effect of unvested restricted stock                           | 950,864                 | 1,417,895  | 1,424,530  |
| Shares for calculating diluted earnings per share                      | 58,790,019              | 58,968,099 | 57,919,700 |
| <b>Earnings per share:</b>   |                         |            |            |
| Basic  | \$1.15                  | \$0.76     | \$0.37     |
| Diluted  | \$1.13                  | \$0.74     | \$0.36     |

## 10. STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

We have historically issued shares of restricted stock under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (the "LTIP") that are subject to either time-based vesting conditions or market-based vesting conditions. The market-based vesting conditions are based on our total enterprise value ("TEV") exceeding certain specified thresholds. Compensation expense related to the issuance of shares with time-based vesting conditions is measured based on the fair value of the award on the grant date and recognized over the requisite service period on a straight-line basis. Compensation expense related to the issuance of shares with market-based vesting conditions is measured based upon the fair value of the award on the grant date and recognized on a straight-line basis over the vesting period based upon the probability that the vesting condition will be met.

The following table presents a summary of the grant-date fair values of restricted stock granted during the years ended December 31, 2017, 2016 and 2015 and the related assumptions:

|   | Year Ended December |         |         |
|---|---------------------|---------|---------|
|   | 2017                | 2016    | 2015    |
|   | \$46.7              | \$23.15 | \$21.76 |
|   | -                   | -       | -       |
| Grant-date fair value of restricted stock | \$60.6              | \$49.34 | \$33.33 |
|   |                     | 1.28%   |         |
|   |                     | -       |         |
| Risk-free interest rates                  | 1.85%               | 1.36%   | 2.2%    |
|   |                     | 21.0%   |         |
|   |                     | -       |         |
| Estimated volatility                      | 23.0%               | 23.0%   | 26.0%   |
| Expected life (in years)                  | 2.3                 | 2.7     | 3.6     |

Paycom Software, Inc.

## Notes to the Consolidated Financial Statements

The following table summarizes restricted stock awards activity for the year ended December 31, 2017:

|                                     | Time-Based<br>Restricted Stock<br>Awards |  | Market-Based<br>Restricted Stock<br>Awards |  |
|-------------------------------------|--|--|--|--|
|                                     | Shares                                   | Weighted<br>Average<br>Grant<br>Date Fair<br>Value | Shares                                     | Weighted<br>Average<br>Grant<br>Date Fair<br>Value |
| Unvested shares of restricted stock |  |  |  |  |
| outstanding at December 31, 2016    | 1,429,514                                | \$ 20.56   | 738,425                                    | \$ 28.68   |
| Granted                             | 309,526                                  | \$ 60.00   | 314,021                                    | \$ 48.63   |
| Vested                              | (681,699 )                               | \$ 6.67  | (1,014,429 )                               | \$ 34.44   |
| Forfeited                           | (168,661 )                               | \$ 35.20   | (38,017 )                                  | \$ 39.87   |
| Unvested shares of restricted stock |  |  |  |  |
| outstanding at December 31, 2017    | 888,680                                  | \$ 42.17   | -  | \$ -   |

On April 26, 2017, we issued an aggregate of 613,677 shares of restricted stock under the LTIP to our executive officers and certain other employees, consisting of a combination of shares subject to market-based vesting conditions and shares subject to time-based vesting conditions. Shares subject to market-based vesting conditions were scheduled to vest 50% if the Company's TEV (as defined in the applicable award agreement) equaled or exceeded \$4.15 billion and the remaining 50% were scheduled to vest if the Company's TEV equaled or exceeded \$4.45 billion. Shares subject to market-based vesting conditions would be forfeited if they did not vest within six years of the date of grant. Shares subject to time-based vesting conditions were issued with vesting periods ranging from 2 to 5 years.

On May 1, 2017, we issued an aggregate of 9,870 shares of restricted stock under the LTIP to members of our board of directors. Such shares of restricted stock cliff-vest on the seventh (7<sup>th</sup>) day following the first (1<sup>st</sup>) anniversary of the grant date, provided that the director is providing services to the Company through the applicable vesting date.

The following table summarizes market-based restricted stock vesting activity during the year ended December 31, 2017, the associated compensation cost recognized in connection with the vesting event and the number of shares withheld to satisfy tax withholding obligations:

| Vesting Condition | Date Vested | Number of | Compensation Cost Recognized Upon Vesting (in millions) | Shares Withheld |
|-------------------|-------------|-----------|---|-----------------|
|-------------------|-------------|-----------|---|-----------------|

Explanation of Responses:

|                                     |                   | Shares<br>Vested |       | for<br>Taxes <sup>1</sup> |
|-------------------------------------|-------------------|------------------|-------|---------------------------|
| Market-based (TEV = \$3.5 billion)  | May 13, 2017      | 229,075          | \$2.9 | 91,274                    |
| Market-based (TEV = \$3.9 billion)  | June 20, 2017     | 248,250          | \$5.2 | 103,907                   |
| Market-based (TEV = \$4.15 billion) | August 25, 2017   | 153,764          | \$5.5 | 65,309                    |
| Market-based (TEV = \$4.2 billion)  | September 7, 2017 | 244,850          | \$4.2 | 102,548                   |
| Market-based (TEV = \$4.45 billion) | October 13, 2017  | 138,490          | \$4.3 | 57,916                    |

<sup>1</sup> All shares withheld to satisfy tax withholding obligations are held as treasury stock.

Our total compensation expense related to restricted stock was \$38.5 million and \$22.5 million for the years ended December 31, 2017 and 2016, respectively. There was \$30.3 million of unrecognized compensation cost, net of estimated forfeitures, related to unvested shares of restricted stock outstanding as of December 31, 2017. The unrecognized compensation cost is expected to be recognized over a weighted average period of 2.1 years as of December 31, 2017.

We capitalized stock-based compensation costs related to software developed for internal use of \$3.3 million, \$1.8 million and \$0.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The following table presents non-cash stock-based compensation expense resulting from restricted stock awards, which is included in the following line items in the accompanying consolidated statements of income for the years ended December 31, 2017, 2016 and 2015 (dollars in thousands):



Paycom Software, Inc.

Notes to the Consolidated Financial Statements

|   | Year Ended December 31, |          |         |
|---|-------------------------|----------|---------|
|   | 2017                    | 2016     | 2015    |
| Operating expense                               | \$3,950                 | \$2,217  | \$235   |
| Sales and marketing                             | 6,086                   | 3,656    | 559     |
| Research and development                        | 1,912                   | 836      | 104     |
| General and administrative                      | 26,565                  | 15,837   | 2,112   |
| Total non-cash stock-based compensation expense | \$38,513                | \$22,546 | \$3,010 |

## 11. RELATED-PARTY TRANSACTIONS

Our Chief Sales Officer owned a .01% general partnership interest and a 10.49% limited partnership interest in 417 Oakbend, LP, a Texas limited partnership, until April 2016. For the period under his ownership during 2016, we paid rent on our Dallas office space to 417 Oakbend, LP in the amount of \$0.1 million. We paid rent on our Dallas office space in the amount of \$0.4 million for the year ended December 31, 2015.

## 12. COMMITMENTS AND CONTINGENCIES

### Employment Agreements

We have employment agreements with certain of our executive officers. The agreements allow for annual compensation, participation in executive benefit plans, and performance-based cash bonuses.

### Incentive Plan

On May 2, 2016, our stockholders approved the Paycom Software, Inc. Annual Incentive Plan (the "Incentive Plan"). The Incentive Plan provides for payment of incentive compensation that is not subject to certain federal income tax deduction limitations. Participation in the Incentive Plan is limited to certain of our employees designated by the Compensation Committee of the Board of Directors.

### Operating Leases and Deferred Rent

We lease office space under several noncancellable operating leases with contractual terms expiring from 2018 to 2024. Minimum rent expenses are recognized over the lease term. The lease term is defined as the fixed noncancellable term of the lease plus all periods, if any, for which failure to renew the lease imposes a penalty on us in an amount that a renewal appears, at the inception of the lease, to be reasonably assured. When a lease contains a predetermined fixed escalation of the minimum rent, we recognize the related rent expense on a straight-line basis and record the difference between the recognized rent expense and the amount payable under the lease as a liability. As of December 31, 2017 and 2016, we had \$1.3 million and \$1.1 million, respectively, recorded as a liability for deferred rent.

Explanation of Responses:

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Future annual minimum lease payments under noncancellable operating leases with initial or remaining terms of one year or more as of December 31, 2017 were as follows (dollars in thousands):

| Year Ending December 31,     |          |
|------------------------------|----------|
| 2018                         | \$6,833  |
| 2019                         | 6,005    |
| 2020                         | 3,494    |
| 2021                         | 2,149    |
| 2022                         | 1,626    |
| Thereafter                   | 852      |
| Total minimum lease payments | \$20,959 |

Rent expense under operating leases for the years ended December 31, 2017, 2016 and 2015 was \$6.1 million, \$5.6 million and \$4.4 million, respectively.

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Paycom Software, Inc.

Notes to the Consolidated Financial Statements

## Legal Proceedings

We are involved in various legal proceedings in the ordinary course of business. We make a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Although we cannot predict the outcome of these proceedings, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these matters could have a material adverse effect on our business, financial condition, results of operations and cash flows. We do not currently believe we are subject to material exposure with respect to any loss contingencies.

## 13. INCOME TAXES

The items comprising income tax expense are as follows (dollars in thousands):

|  | Year Ended December 31, |          |          |
|--|-------------------------|----------|----------|
|  | 2017                    | 2016     | 2015     |
| Provision for current income taxes                 |                         |          |          |
| Federal  | \$10,136                | \$12,207 | \$11,308 |
| State  | 1,791                   | 3,044    | 2,292    |
| Total provision for current income taxes           | 11,927                  | 15,251   | 13,600   |
| Provision (benefit) for deferred income taxes, net |                         |          |          |
| Federal  | 199                     | (1,476 ) | (1,109 ) |
| State  | (2,286 )                | (372 )   | 89       |
| Total benefit for deferred income taxes, net       | (2,087 )                | (1,848 ) | (1,020 ) |
| Total provision for income taxes                   | \$9,840                 | \$13,403 | \$12,580 |

The following schedule reconciles the statutory Federal tax rate to the effective income tax rate:

|   | Year Ended December 31, |        |       |
|---|-------------------------|--------|-------|
|   | 2017                    | 2016   | 2015  |
| Federal statutory tax rate                            | 35 %                    | 35 %   | 35 %  |
| Increase (decrease) resulting from:                   |                         |        |       |
| State income taxes, net of Federal income tax benefit | 4 %                     | 4 %    | 4 %   |
| Nondeductible expenses                                | 1 %                     | 1 %    | 3 %   |
| Research credit, Federal benefit                      | (3 %)                   | (2 %)  | (1 %) |
| Section 199 - Qualified production activities         | (2 %)                   | (2 %)  | (3 %) |
| Stock-based compensation                              | (21 %)                  | (12 %) | 0 %   |

Explanation of Responses:

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|                                      |       |       |      |
|--------------------------------------|-------|-------|------|
| Return to provision                  | (1 %) | 0 %   | 0 %  |
| Remeasurement of deferred tax assets | 1 %   | 0 %   | 0 %  |
| Other                                | (1 %) | (1 %) | 0 %  |
| Effective income tax rate            | 13 %  | 23 %  | 38 % |

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Paycom Software, Inc.

## Notes to the Consolidated Financial Statements

Our effective income tax rate was 13% and 23% for the years ended December 31, 2017 and 2016, respectively. The lower effective income tax rate for the year ended December 31, 2017 primarily resulted from the recognition of excess tax benefits from share-based payment awards.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of our deferred tax assets and liabilities were as follows (dollars in thousands):

|  | December 31, |         |
|--|--------------|---------|
|  | 2017         | 2016    |
| Deferred income tax assets (liabilities):  |              |         |
| Stock-based compensation                   | \$1,446      | \$2,658 |
| Investment in Paycom Payroll Holdings, LLC | 101          | (1,487) |
| Net operating losses                       | 1,677        | 36      |
| Federal tax credits                        | 70           | —       |
| Noncurrent deferred income tax assets, net | \$3,294      | \$1,207 |

The Tax Act was enacted on December 22, 2017. The Tax Act reduces the US federal corporate tax rate from 35% to 21% effective January 1, 2018. We remeasured certain deferred tax assets and liabilities based on the rate at which they are expected to be realized or settled in the future, which is generally 21%. The amount recorded related to the remeasurement of our deferred tax balance was \$0.4 million of income tax expense.

At December 31, 2017, we had net operating loss carryforwards for state income tax purposes of approximately \$1.7 million that are available to offset future state taxable income that begin expiring in 2030.

At December 31, 2017 and 2016, we had no material unrecognized tax benefits related to uncertain tax positions.

We file income tax returns with the United States federal government and various state jurisdictions. Our 2007 through 2017 U.S. federal and state income tax returns remain open to examination by tax authorities, due to the usage of net operating loss carryovers.

#### 14. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The following tables set forth selected quarterly statements of income data for the periods indicated (dollars in thousands, except share and per share amounts):

| Quarter Ended |
|---------------|
|---------------|

Explanation of Responses:

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|                                      | December 31, 2017 | September 30, 2017 | June 30, 2017 | March 31, 2017 |
|--------------------------------------|-------------------|--------------------|---------------|----------------|
| Revenues                             | \$ 114,025        | \$ 101,287         | \$ 98,227     | \$ 119,508     |
| Operating income                     | \$ 19,434         | \$ 11,437          | \$ 9,089      | \$ 38,665      |
| Net income                           | \$ 12,905         | \$ 14,067          | \$ 14,221     | \$ 25,614      |
| Earnings per share, basic            | \$ 0.22           | \$ 0.24            | \$ 0.24       | \$ 0.44        |
| Earnings per share, diluted          | \$ 0.22           | \$ 0.24            | \$ 0.24       | \$ 0.43        |
| Weighted average shares outstanding: |                   |                    |               |                |
| Basic                                | 58,100,141        | 58,003,222         | 57,898,914    | 57,307,187     |
| Diluted                              | 58,850,271        | 58,873,502         | 58,816,442    | 58,525,980     |

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Paycom Software, Inc.

Notes to the Consolidated Financial Statements

|                                      | Quarter Ended     |                    |               |                |
|--------------------------------------|-------------------|--------------------|---------------|----------------|
|                                      | December 31, 2016 | September 30, 2016 | June 30, 2016 | March 31, 2016 |
| Revenues                             | \$87,810          | \$ 77,325          | \$73,880      | \$ 90,126      |
| Operating income                     | \$12,681          | \$ 582             | \$16,004      | \$ 28,704      |
| Net income                           | \$8,633           | \$ 6,198           | \$10,421      | \$ 18,588      |
| Earnings per share, basic            | \$0.15            | \$ 0.11            | \$0.18        | \$ 0.32        |
| Earnings per share, diluted          | \$0.15            | \$ 0.10            | \$0.18        | \$ 0.31        |
| Weighted average shares outstanding: |                   |                    |               |                |
| Basic                                | 57,652,531        | 57,819,734         | 57,591,556    | 57,132,909     |
| Diluted                              | 58,882,966        | 58,907,281         | 58,697,229    | 58,362,040     |

## 15. SUBSEQUENT EVENTS

On January 26, 2018, we issued an aggregate of 510,473 restricted shares of common stock to our executive officers and certain non-executive, non-sales employees under the LTIP, consisting of 283,674 shares subject to market-based vesting conditions (“Market-Based Shares”) and 226,799 shares subject to time-based vesting conditions (“Time-Based Shares”). Market-Based Shares will vest 50% on the first date that the Company’s TEV (calculated as defined in the applicable restricted stock award agreement) equals or exceeds \$5.9 billion and 50% on the first date that the Company’s TEV equals or exceeds \$6.2 billion, in each case provided that (i) such date occurs on or before the sixth anniversary of the grant date and (ii) the recipient is employed by, or providing services to, the Company or a subsidiary on the applicable vesting date. Time-Based Shares granted to non-executive employees will vest 25% on a specified initial vesting date and 25% on each of the first three anniversaries of such initial vesting date, provided that the recipient is employed by, or providing services to, the Company or a subsidiary on the applicable vesting date. Time-Based Shares granted to executive officers will vest in three equal annual tranches beginning on a specified initial vesting date and thereafter on the first and second anniversaries of such date, provided that the executive officer is employed by, or providing services to, the Company or a subsidiary on the applicable vesting date.

On February 12, 2018 we entered into a senior secured revolving credit agreement (the “Revolving Credit Agreement”) with JPMorgan Chase Bank, N.A. and Bank of America, N.A. that provides for a senior secured revolving credit facility (the “Facility”) in the aggregate principal amount of \$50.0 million, which may be increased to up to \$100.0 million. The Facility is scheduled to mature on February 12, 2020. Borrowings under the Facility will generally bear interest at a prime rate plus 1.0% or, at our option, an adjusted LIBOR rate for the interest period in effect for such borrowing plus 1.5%. Material financial covenants under the Revolving Credit Agreement are substantially similar to the covenants in the New Credit Agreement described in Note 5 above. As of the filing of this Form 10-K, we have not made any draws under the Facility.

On February 13, 2018, we announced that our Board of Directors amended and extended the stock repurchase plan, such that we are authorized to purchase up to an additional \$100.0 million of common stock. The stock repurchase plan will expire on February 12, 2020.





Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to a company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. We believe, however, that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving desired control objectives, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error within a company, if any, have been detected.

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2017, the end of the period covered by this Form 10-K. Based upon such evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of such date.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our management, under the supervision and with the participation of our chief executive officer and chief financial officer, assessed the effectiveness of our internal control over financial reporting based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its report included below.

Changes in Internal Control Over Financial Reporting

In connection with the Company’s adoption of ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” the Company is updating its control framework for any new internal controls related to revenue recognition that will be required, as well as any changes to existing controls, effective with the January 1, 2018 adoption. There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Independent Registered Public Accounting Firm's Report on Internal Control over Financial Reporting

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Paycom Software, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Paycom Software, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2017, and our report dated February 14, 2018 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly

Explanation of Responses:

reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma

February 14, 2018

Item 10. Directors, Executive Officers and Corporate Governance

The information required in response to this Item 10 is incorporated herein by reference to our Definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A of the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required in response to this Item 11 is incorporated herein by reference to our Definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A of the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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

The information required in response to this Item 12 is incorporated herein by reference to our Definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A of the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required in response to this Item 13 is incorporated herein by reference to our Definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A of the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services

The information required in response to this Item 14 is incorporated herein by reference to our Definitive Proxy Statement to be filed with the SEC pursuant to Regulation 14A of the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Form 10-K

(1) Consolidated Financial Statements: The following consolidated financial statements of Paycom Software, Inc., together with the report thereon, of Grant Thornton LLP, our Independent Registered Public Accounting Firm, are included in Part II, Item 8 of this Form 10-K:

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Income, Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Stockholders' Equity, Years Ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows, Years Ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules: Financial statement schedules have been omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

(3) Exhibits:

The following exhibits are included herein or incorporated herein by reference:

Exhibit No. Description

- |     |  |
|-----|--|
| 3.1 | Amended and Restated Certificate of Incorporation of Paycom Software, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Amendment No. 1 to the Registration Statement on Form S-1/A dated March 31, 2014, filed with the SEC on March 31, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex31.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex31.htm</a>  |
| 3.2 | Amended and Restated Bylaws of Paycom Software, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex32_560.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex32_560.htm</a>  |
| 4.1 | Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 to the Registration Statement on Form S-1/A dated March 31, 2014, filed with the SEC on March 31, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex41.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex41.htm</a>  |
| 4.2 | Registration Rights Agreement (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex43.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex43.htm</a>  |
| 4.3 | Joinder to Registration Rights Agreement, by and among Paycom Software, Inc. and each of the signatories thereto, dated as of March 6, 2015 (incorporated by reference to Exhibit 4.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed with the SEC on May 13, 2015).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459015004189/payc-ex46_20150331350.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459015004189/payc-ex46_20150331350.htm</a> |

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- 4.4 Amendment No. 1 to the Registration Rights Agreement, by and among Paycom Software, Inc. and each of the signatories thereto, dated as of May 13, 2015 (incorporated by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed with the SEC on August 7, 2015).  
[http://www.sec.gov/Archives/edgar/data/1590955/000156459015006677/payc-ex47\\_102.htm](http://www.sec.gov/Archives/edgar/data/1590955/000156459015006677/payc-ex47_102.htm)
- 4.5 Joinder to Registration Rights Agreement, by and between Paycom Software, Inc. and the Mackesy Family Foundation, dated as of May 27, 2015 (incorporated by reference to Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).  
[http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex49\\_182.htm](http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex49_182.htm)
- 4.6 Joinder to Registration Rights Agreement, by and between Paycom Software, Inc. and Anthony & Christie de Nicola Foundation, dated as of August 13, 2015 (incorporated by reference to Exhibit 4.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).  
[http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex411\\_400.htm](http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex411_400.htm)
- 4.7 Amendment No. 2 to Registration Rights Agreement, by and between Paycom Software, Inc. and each of the signatories thereto, dated as of September 15, 2015 (incorporated by reference to Exhibit 4.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).  
[http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex412\\_177.htm](http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex412_177.htm)

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| Exhibit No. | Description  |
|-------------|--|
| 4.8         | Joinder to Registration Rights Agreement, by and between Paycom Software, Inc. and The Swani Family Foundation, dated as of October 13, 2015 (incorporated by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex414_179.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex414_179.htm</a>                 |
| 4.9         | Joinder to Registration Rights Agreement, by and between Paycom Software, Inc. and Paul & Anne-Marie Queally Family Foundation, dated as of October 13, 2015 (incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, filed with the SEC on November 6, 2015).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex416_183.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459015009936/payc-ex416_183.htm</a> |
| 4.10        | Joinder to Registration Rights Agreement, by and between Paycom Software, Inc. and Scully Family Charitable Foundation, dated as of December 2, 2015 (incorporated by reference to Exhibit 4.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 22, 2016).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016013001/payc-ex418_608.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016013001/payc-ex418_608.htm</a>               |
| 10.1+       | Form of Indemnification Agreement between Paycom Software, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex101.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex101.htm</a>  |
| 10.2+       | Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex102.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex102.htm</a>  |
| 10.2.1+     | First Amendment to the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 1, 2017, filed with the SEC on May 4, 2017). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312517158984/d386294dex101.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312517158984/d386294dex101.htm</a>   |
| 10.2.2+     | Form of Restricted Stock Award Agreement for Executives with Employment Agreements (incorporated by reference to Exhibit 10.5 to the Company's Amendment No. 1 to the Registration Statement on Form S-1/A dated March 31, 2014, filed with the SEC on March 31, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex105.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex105.htm</a>   |
| 10.2.3+     | Form of Restricted Stock Award Agreement for Chief Executive Officer (incorporated by reference to Exhibit 10.6 to the Company's Amendment No. 1 to the Registration Statement on Form S-1/A dated March 31, 2014, filed with the SEC on March 31, 2014).<br><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex106.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514122537/d609623dex106.htm</a>   |
| 10.2.4+     | Form of Incentive Stock Option Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 25, 2015, filed with the SEC on March 30, 2015).   |

<http://www.sec.gov/Archives/edgar/data/1590955/000119312515111728/d900188dex101.htm>

- 10.2.5+ Form of Nonqualified Stock Option Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated March 25, 2015, filed with the SEC on March 30, 2015).  
<http://www.sec.gov/Archives/edgar/data/1590955/000119312515111728/d900188dex102.htm>
- 10.2.6 Form of Time-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated July 8, 2015, filed with the SEC on July 10, 2015).  
<http://www.sec.gov/Archives/edgar/data/1590955/000119312515250350/d10329dex105.htm>
- 10.2.7+ Form of CEO Market-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 15, 2016, filed with the SEC on April 21, 2016).  
<http://www.sec.gov/Archives/edgar/data/1590955/000119312516550307/d163628dex101.htm>

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| Exhibit No. | Description  |
|-------------|--|
| 10.2.8+     | <p>Form of Market-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated April 15, 2016, filed with the SEC on April 21, 2016).<br/><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312516550307/d163628dex102.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312516550307/d163628dex102.htm</a></p>                                 |
| 10.2.9      | <p>Form of Time-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 15, 2016, filed with the SEC on April 21, 2016).<br/><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312516550307/d163628dex104.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312516550307/d163628dex104.htm</a></p>                                   |
| 10.2.10+    | <p>Form of CEO Market-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan, approved October 4, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 4, 2016, filed with the SEC on October 6, 2016).<br/><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312516732738/d242708dex101.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312516732738/d242708dex101.htm</a></p> |
| 10.2.11+    | <p>Form of Market-Based Vesting Restricted Stock Award Agreement under the Paycom Software, Inc. 2014 Long-Term Incentive Plan, approved October 4, 2016 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 4, 2016, filed with the SEC on October 6, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312516732738/d242708dex102.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312516732738/d242708dex102.htm</a></p>         |
| 10.2.12+    | <p>Form of Time and Market-Based Vesting Restricted Stock Award Agreement (CEO) under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 26, 2017, filed with the SEC on April 27, 2017). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312517141138/d374359dex101.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312517141138/d374359dex101.htm</a></p>                      |
| 10.2.13+    | <p>Form of Time and Market-Based Vesting Restricted Stock Award Agreement (Executive) under the Paycom Software, Inc. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated April 26, 2017, filed with the SEC on April 27, 2017). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312517141138/d374359dex102.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312517141138/d374359dex102.htm</a></p>                |
| 10.3+       | <p>Executive Employment Agreement by and between Paycom Payroll Holdings, LLC and Chad Richison, dated December 30, 2013 (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014).<br/><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex104.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex104.htm</a></p>                               |
| 10.4+       | <p>Executive Employment Agreement by and between Paycom Payroll Holdings, LLC and Craig E. Boelte, dated December 30, 2013 (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014).<br/><a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex105.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex105.htm</a></p>                             |

- 10.5+ Executive Employment Agreement by and between Paycom Payroll Holdings, LLC and Jeffrey D. York, dated December 30, 2013 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014). <http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex106.htm>
- 10.6+ Executive Employment Agreement by and between Paycom Payroll Holdings, LLC and William X. Kerber III, dated December 30, 2013 (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014). <http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex107.htm>
- 10.7+ Paycom Software, Inc. Annual Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 5, 2015, filed with the SEC on May 8, 2015). <http://www.sec.gov/Archives/edgar/data/1590955/000119312515179543/d924761dex102.htm>
- 10.8 Paycom Software, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 5, 2015, filed with the SEC on May 8, 2015). <http://www.sec.gov/Archives/edgar/data/1590955/000119312515179543/d924761dex101.htm>
- 10.9 Consolidated, Amended and Restated Loan Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated December 15, 2011 (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 dated March 10, 2014, filed with the SEC on March 10, 2014). <http://www.sec.gov/Archives/edgar/data/1590955/000119312514091543/d609623dex108.htm>

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| Exhibit No. | Description   |
|-------------|---|
| 10.9.1      | First Loan Modification Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated December 31, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed with the SEC on August 8, 2014). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex101.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex101.htm</a>                               |
| 10.9.2      | Second Loan Modification Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated June 17, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed with the SEC on August 8, 2014). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex102.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex102.htm</a>                                  |
| 10.9.3      | 4.75% Consolidated, Amended, Restated and Increased Promissory Note, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated June 17, 2014 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed with the SEC on August 8, 2014). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex103.htm">http://www.sec.gov/Archives/edgar/data/1590955/000119312514302051/d742477dex103.htm</a> |
| 10.10       | Loan Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated May 13, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, filed with the SEC on August 7, 2015). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459015006677/payc-ex103_677.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459015006677/payc-ex103_677.htm</a>   |
| 10.10.1     | Promissory Note, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated May 13, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 3, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex101_206.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex101_206.htm</a>   |
| 10.10.2     | First Modification to Loan Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 3, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex102_239.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex102_239.htm</a>  |
| 10.10.3     | Second Modification to Loan Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated August 2, 2016 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 3, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex103_205.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex103_205.htm</a>                     |
| 10.11       | Loan Agreement, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated August 2, 2016 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 3, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex104_204.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex104_204.htm</a>  |
| 10.11.1     | Promissory Note, by and between Kirkpatrick Bank and Paycom Payroll, LLC, dated August 2, 2016 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 3, 2016). <a href="http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex105_203.htm">http://www.sec.gov/Archives/edgar/data/1590955/000156459016027365/payc-ex105_203.htm</a>   |

- 10.12\* Term Credit Agreement, dated December 7, 2017, by and among Paycom Payroll, LLC as the borrower, Paycom Software, Inc. and certain of its subsidiaries as the guarantors, the lenders parties thereto and JPMorgan Chase Bank, N.A. as administrative agent. [payc-ex1012\\_397.htm](#)
- 10.13\* Real Estate Mortgage, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing, dated December 7, 2017, by Paycom Payroll, LLC in favor of JPMorgan Chase Bank, N.A. [payc-ex1013\\_398.htm](#)
- 21.1\* List of subsidiaries of the Company [payc-ex211\\_8.htm](#)
- 23.1\* Consent of Independent Registered Public Accounting Firm [payc-ex231\\_9.htm](#)
- 31.1\* Certification of the Chief Executive Officer of the Company, pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002. [payc-ex311\\_7.htm](#)
- 31.2\* Certification of the Chief Financial Officer of the Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. [payc-ex312\\_6.htm](#)

| Exhibit No. | Description  |
|-------------|--|
| 32.1**      | Certification of the Chief Executive Officer and Chief Financial Officer of the Company, pursuant to Section 906 of the<br><br>Sarbanes-Oxley Act of 2002. payc-ex321_10.htm |
| 101.INS*    | XBRL Instance Document.  |
| 101.SCH*    | XBRL Taxonomy Extension Schema Document  |
| 101.CAL*    | XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF*    | XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB*    | XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE*    | XBRL Taxonomy Extension Presentation Linkbase Document   |

+ Management contract or compensatory plan or arrangement.

\* Filed herewith.

\*\* The certifications attached as Exhibit 32.1 are not deemed “filed” with the SEC and are not to be incorporated by reference into any filing of Paycom Software, Inc. under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

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.

Date: February 14, 2018

PAYCOM SOFTWARE, INC.

By: /s/ Chad Richison  
Chad Richison  
President and Chief Executive Officer  
(Principal Executive Officer and duly authorized officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: February 14, 2018

/s/ Chad Richison  
Chad Richison  
President, Chief Executive Officer and Chairman of the Board of Directors

(Principal Executive Officer)

/s/ Craig E. Boelte  
Craig E. Boelte  
Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

/s/ Jason D. Clark  
Jason D. Clark

Director

/s/ Henry C. Duques  
Henry C. Duques

Director

/s/ Robert J. Levenson  
Robert J. Levenson

Director

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/s/ Frederick C. Peters II  
Frederick C. Peters II

Director

/s/ J.C. Watts, Jr.  
J.C. Watts, Jr.

Director

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