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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly reporting period ended September 30, 2018

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 001-38467

Ceridian HCM Holding Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

46-3231686
(I.R.S. Employer
Identification Number)

3311 East Old Shakopee Road
Minneapolis, Minnesota 55425
(952) 853-8100

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as the latest practicable date: 138,053,857 shares of Common Stock, \$0.01 par value per share, as of October 24, 2018.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements, including, without limitation, statements concerning the conditions of the human capital management (“HCM”) solutions industry and our operations, performance, and financial condition, including, in particular, statements relating to our business, growth strategies, product development efforts, and future expenses. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” and similar references to future periods, or by the inclusion of forecasts or projections. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance, such as those contained in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national, or global political, economic, business, competitive, market, and regulatory conditions and the following:

- our inability to attain or to maintain profitability;
- significant competition for our solutions;
- our inability to continue to develop or to sell our existing Cloud solutions;
- our inability to manage our growth effectively;
- the risk that we may not be able to successfully migrate our Bureau customers to our Cloud solutions or to offset the decline in Bureau revenue with Cloud revenue;
- the market for enterprise cloud computing develops slower than we expect or declines;
- efforts to increase use of our Cloud solutions and our other applications may not succeed;
- we fail to provide enhancements and new features and modifications to our solutions;
- failure to comply with the Federal Trade Commission’s (“FTC”) ongoing consent order regarding data protection;
- system interruptions or failures, including cyber-security breaches, identity theft, or other disruptions that could compromise our information;
- our failure to comply with applicable privacy, security and data laws, regulations and standards;
- changes in regulations governing privacy concerns and laws or other domestic or foreign data protection regulations;
- we are unable to successfully expand our current offerings into new markets or further penetrate existing markets;
- we are unable to meet the more complex configuration and integration demands of our large customers;
- our customers declining to renew their agreements with us or renewing at lower performance fee levels;
- we fail to manage our technical operations infrastructure;
- we are unable to maintain necessary third party licenses or errors;
- our inability to protect our intellectual property rights, proprietary technology, information, processes, and know-how;
- we fail to keep pace with rapid technological changes and evolving industry standards; or
- changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself.

See Part II, Item IA, “Risk Factors” for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Form 10-Q. Any forward-looking statement made by us in this speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should be viewed as historical data.

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ceridian HCM Holding Inc.

Condensed Consolidated Balance Sheets

(Dollars in millions, except share data)

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash and equivalents	\$ 188.0	\$ 94.2
Trade and other receivables, net	62.6	66.6
Prepaid expenses	38.7	36.4
Assets of discontinued operations	—	156.2
Other current assets	2.4	5.3
Total current assets before customer trust funds	291.7	358.7
Customer trust funds	3,426.6	4,099.7
Total current assets	3,718.3	4,458.4
Property, plant, and equipment, net	100.6	102.0
Goodwill	1,949.8	1,961.0
Other intangible assets, net	192.3	206.5
Other assets	1.8	2.0
Total assets	<u>\$ 5,962.8</u>	<u>\$ 6,729.9</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 6.8	\$ —
Accounts payable	34.8	44.4
Accrued interest	0.3	15.9
Deferred revenue	16.8	14.0
Employee compensation and benefits	61.2	68.8
Liabilities of discontinued operations	0.2	19.6
Other accrued expenses	19.2	15.0
Total current liabilities before customer trust funds obligations	139.3	177.7
Customer trust funds obligations	3,457.0	4,105.5
Total current liabilities	3,596.3	4,283.2
Long-term debt, less current portion	665.0	1,119.8
Employee benefit plans	124.6	152.4
Other liabilities	38.4	45.5
Total liabilities	4,424.3	5,600.9
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Senior preferred stock, \$0.01 par, 70,000,000 shares authorized, 16,802,144 shares issued and outstanding as of December 31, 2017	—	184.8
Junior preferred stock, \$0.01 par, 70,000,000 shares authorized, 58,244,308 shares issued and outstanding as of December 31, 2017	—	0.6
Common stock, \$0.01 par, 500,000,000 shares authorized, 138,049,718 shares issued and outstanding as of September 30, 2018 and 150,000,000 shares authorized, 65,285,962 shares issued and outstanding as of December 31, 2017	1.4	0.7
Additional paid in capital	2,297.3	1,565.4
Accumulated deficit	(419.1)	(348.2)
Accumulated other comprehensive loss	(341.1)	(312.1)
Total stockholders' equity	1,538.5	1,091.2
Noncontrolling interest	—	37.8
Total equity	1,538.5	1,129.0
Total liabilities and equity	<u>\$ 5,962.8</u>	<u>\$ 6,729.9</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Condensed Consolidated Statements of Operations

(Unaudited; dollars in millions, except share and per share data)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2018	2017	2018	2017
Revenue:				
Recurring services	\$ 157.2	\$ 145.6	\$ 480.8	\$ 438.2
Professional services and other	22.4	17.9	65.3	50.2
Total revenue	<u>179.6</u>	<u>163.5</u>	<u>546.1</u>	<u>488.4</u>
Cost of revenue:				
Recurring services	49.1	48.4	149.3	145.8
Professional services and other	32.5	34.8	98.7	102.8
Product development and management	14.5	11.0	43.3	31.8
Depreciation and amortization	8.5	8.0	25.7	23.2
Total cost of revenue	<u>104.6</u>	<u>102.2</u>	<u>317.0</u>	<u>303.6</u>
Gross profit	75.0	61.3	229.1	184.8
Costs and expenses:				
Selling, general, and administrative	59.4	52.4	200.3	161.0
Other expense (income), net	0.3	3.8	(2.5)	6.9
Operating profit	15.3	5.1	31.3	16.9
Interest expense, net	8.8	21.9	74.4	65.3
Income (loss) from continuing operations before income taxes	6.5	(16.8)	(43.1)	(48.4)
Income tax (benefit) expense	(0.9)	0.9	5.8	3.8
Income (loss) from continuing operations	7.4	(17.7)	(48.9)	(52.2)
Loss from discontinued operations	(3.0)	(2.9)	(14.8)	(2.4)
Net income (loss)	4.4	(20.6)	(63.7)	(54.6)
Net loss attributable to noncontrolling interest	—	(0.5)	(0.5)	(0.4)
Net income (loss) attributable to Ceridian	<u>\$ 4.4</u>	<u>\$ (20.1)</u>	<u>\$ (63.2)</u>	<u>\$ (54.2)</u>
Net income (loss) per share:				
Basic	\$ 0.03	\$ (0.39)	\$ (0.67)	\$ (1.07)
Diluted	\$ 0.03	\$ (0.39)	\$ (0.67)	\$ (1.07)
Weighted average shares outstanding:				
Basic	137,768,764	65,281,692	105,730,178	65,181,373
Diluted	145,064,698	65,281,692	105,730,178	65,181,373

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited, dollars in millions)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2018	2017	2018	2017
Net income (loss)	\$ 4.4	\$ (20.6)	\$ (63.7)	\$ (54.6)
Items of other comprehensive income (loss) before income taxes:				
Change in foreign currency translation adjustment	9.8	23.1	(16.2)	43.9
Change in unrealized loss from invested customer trust funds	(6.0)	(7.8)	(24.5)	(10.0)
Change in pension liability adjustment ⁽¹⁾	2.9	2.5	8.7	7.6
Other comprehensive income (loss) before income taxes	6.7	17.8	(32.0)	41.5
Income tax benefit, net	(0.9)	(1.8)	(2.3)	(3.0)
Other comprehensive income (loss) after income taxes	7.6	19.6	(29.7)	44.5
Comprehensive income (loss)	<u>12.0</u>	<u>(1.0)</u>	<u>(93.4)</u>	<u>(10.1)</u>
Comprehensive (loss) income attributable to noncontrolling interest	—	(0.2)	(0.5)	0.2
Comprehensive income (loss) attributable to Ceridian	<u>\$ 12.0</u>	<u>\$ (0.8)</u>	<u>\$ (92.9)</u>	<u>\$ (10.3)</u>

- (1) The amount of the pension liability adjustment recognized in the condensed consolidated statements of operations within selling, general, and administrative expense was \$3.0 and \$2.6 during the three months ended September 30, 2018, and 2017, respectively, and \$9.0 and \$7.8 during the nine months ended September 30, 2018, and 2017, respectively.

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited, dollars in millions)

	Nine Months Ended September 30,	
	2018	2017
Net loss	\$ (63.7)	\$ (54.6)
Loss from discontinued operations	14.8	2.4
Adjustments to reconcile net loss to net cash used in operating activities:		
Deferred income tax benefit	(9.8)	(4.4)
Depreciation and amortization	42.4	39.7
Amortization of debt issuance costs and debt discount	1.9	2.7
Loss on debt extinguishment	25.7	—
Net periodic pension and postretirement cost	1.8	0.9
Non-cash share-based compensation	18.0	12.8
Other	0.1	(2.0)
Changes in operating assets and liabilities excluding effects of acquisitions and divestitures:		
Trade and other receivables	2.9	12.9
Prepaid expenses and other current assets	(3.0)	(2.8)
Accounts payable and other accrued expenses	(8.4)	(9.3)
Deferred revenue	2.8	3.6
Employee compensation and benefits	(27.7)	(33.4)
Accrued interest	(15.5)	(17.5)
Accrued taxes	5.2	(10.3)
Other assets and liabilities	(2.3)	0.2
Net cash used in operating activities - continuing operations	(14.8)	(59.1)
Net cash used in operating activities - discontinued operations	(3.3)	(5.6)
Net cash used in operating activities	(18.1)	(64.7)
Cash Flows from Investing Activities		
Purchase of customer trust funds marketable securities	(694.8)	(369.5)
Proceeds from sale and maturity of customer trust funds marketable securities	707.9	395.9
Net change in restricted cash and other restricted assets held to satisfy customer trust funds obligations	610.1	252.4
Expenditures for property, plant, and equipment	(6.8)	(9.6)
Expenditures for software and technology	(21.9)	(22.5)
Net proceeds from divestitures	—	0.9
Net cash provided by investing activities - continuing operations	594.5	247.6
Net cash used in investing activities - discontinued operations	—	(0.2)
Net cash provided by investing activities	594.5	247.4
Cash Flows from Financing Activities		
Decrease in customer trust funds obligations, net	(623.2)	(278.8)
Net proceeds from issuance of common stock	595.0	78.4
Proceeds from issuance of common stock upon exercise of stock options	22.2	—
Repurchase of stock	—	(1.8)
Proceeds from debt issuance	680.0	—
Repayment of long-term debt obligations	(1,132.3)	(25.9)
Payment of debt refinancing costs	(23.3)	—
Net cash used in financing activities	(481.6)	(228.1)
Effect of Exchange Rate Changes on Cash	(1.5)	9.0
Net increase (decrease) in cash and equivalents	93.3	(36.4)
Elimination of cash from discontinued operations	0.5	0.6
Cash and equivalents at beginning of period	94.2	120.8
Cash and equivalents at end of period	\$ 188.0	\$ 85.0

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited, dollars in millions, except share and per share data)

1. Organization

Ceridian HCM Holding Inc. and its subsidiaries (also referred to in this report as “Ceridian,” “we,” “our,” and “us”) offer a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll-related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance programs, and recruitment and applicant screening. Our technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue. Our operations are primarily located in the United States and Canada.

On April 30, 2018, we completed our initial public offering (“IPO”), in which we issued and sold 21,000,000 shares of common stock at a public offering price of \$22.00 per share. We granted the underwriters a 30-day option to purchase an additional 3,150,000 shares of common stock at the offering price, which was exercised in full. A total of 24,150,000 shares of common stock were issued in our IPO. Concurrently with our IPO, we issued an additional 4,545,455 shares of our common stock in a private placement at \$22.00 per share. We received gross proceeds of \$631.3 from the IPO and concurrent private placement before deducting underwriting discounts, commissions, and other offering related expenses. The use of the proceeds from the IPO were as follows:

Gross proceeds	\$	631.3
Less:		
Underwriters’ discounts and commissions		29.2
IPO-related expenses		11.8
Redemption of 11% Senior Notes due 2021 (Note 8)		475.0
Call premium on redemption of 11% Senior Notes due 2021		13.1
Interest on redemption of 11% Senior Notes due 2021		10.9
Sponsor management termination fee		11.3
Debt refinancing expenses		11.4
Cash to balance sheet	\$	<u>68.6</u>

Prior to our IPO, Ceridian HCM Holding Inc. was primarily owned by Ceridian LLC (the “Parent”) and Ceridian Holding II LLC (“Ceridian Holding II”). The Parent was 100% owned by Foundation Holding LLC, which in turn was 100% owned by Ceridian Holding LLC (“Ceridian Holding”). The owners of Ceridian Holding and Ceridian Holding II included (i) affiliates and co-investors of Thomas H. Lee Partners, L.P. (“THL Partners”) and Cannae Holdings, LLC (“Cannae”) (THL Partners and Cannae are together referred to as the “Sponsors”), who collectively owned approximately 96% of the outstanding interests of both Ceridian Holding and Ceridian Holding II, and (ii) other individuals, who collectively owned approximately 4% of the outstanding interests of each holding company.

Subsequent to the IPO and concurrent private placement, we completed an internal corporate reorganization, pursuant to which the limited liability companies that held shares in us were merged with and into Ceridian HCM Holding Inc. At the time of these transactions, these limited liability companies had no assets other than equity interests in us or the other limited liability companies. As a result of these transactions, our previous, pre-IPO stockholders now hold shares of our common stock directly, rather than through a series of limited liability companies. These transactions had no impact on our assets, liabilities, or operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accounting policies we follow are set forth in Note 2, “Summary of Significant Accounting Policies,” to Ceridian’s audited consolidated financial statements, included in our audited consolidated financial statements and notes thereto for the year ended December 31, 2017 (our “2017 Annual Report”), included within our prospectus dated April 25, 2018, as filed with the Securities and Exchange Commission (the “SEC”) on April 26, 2018, pursuant to Rule 424(b) under the Securities Act of 1933, as amended (File No. 333-223905) (the “Prospectus”). The following notes should be read in conjunction with such policies and other disclosures in our 2017 Annual Report and Prospectus.

In the opinion of management, the unaudited condensed consolidated financial statements contained herein reflect all adjustments (consisting only of normal recurring adjustments, except as set forth in these notes to condensed consolidated financial statements) necessary to present fairly in all material aspects the financial position, results of operations, comprehensive loss, and cash flows from all periods presented. Interim results are not necessarily indicative of results for a full year.

Reverse Stock Split

On April 10, 2018, we effected a 1-for-2 reverse stock split of our common stock. All of the common stock and per share information referenced throughout this report have been retroactively adjusted to reflect this reverse stock split.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that could significantly affect our results of operations or financial condition involve the assignment of fair values to goodwill and other intangible assets, the testing of impairment of long-lived assets, the determination of our liability for pensions and postretirement benefits, the determination of fair value of stock options granted, and the resolution of tax matters and legal contingencies. Please refer to our 2017 Annual Report for a further discussion of these estimates.

Internally Developed Software Costs

In accordance with Accounting Standards Codification (“ASC”) Topic 350, we capitalize costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and our management has authorized further funding for the project, which it deems probable of completion. Capitalized software costs include only: (1) external direct costs of materials and services consumed in developing or obtaining the software; (2) payroll and payroll-related costs for employees who are directly associated with and who devote time to the project; and (3) interest costs incurred while developing the software. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. We do not include general and administrative costs and overhead costs in capitalizable costs. We charge research and development costs and other software maintenance costs related to software development to earnings as incurred.

Foreign Currency Translation

We have international operations whereby the local currencies serve as functional currencies. We translate foreign currency denominated assets and liabilities at the end-of-period exchange rates and foreign currency denominated statements of operations at the weighted-average exchange rates for each period. We report the effect of changes in the U.S. dollar carrying values of assets and liabilities of our international operations that are due to changes in exchange rates between the U.S. dollar and their functional currency as foreign currency translation within accumulated other comprehensive income (loss) in the accompanying condensed consolidated statements of comprehensive income (loss). Gains and losses from transactions and translation of assets and liabilities denominated in currencies other than the functional currency of the international operation are recorded in the condensed consolidated statements of operations within other expense, net.

Recently Issued and Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers,” which replaced all existing revenue guidance created by ASC Topic 606, including prescriptive industry-specific guidance. This standard’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities will need to apply more judgment and make more estimates than under the previous guidance. In July 2015, the FASB deferred the effective date for all entities by one year, making the guidance for non-public companies effective for annual reporting periods beginning after December 15, 2018. Early adoption was permitted to the original effective date of December 15, 2016 (including interim reporting periods within that reporting period). The standard permits the use of either the retrospective or cumulative effect transition method. Section 107 of the Jumpstart Our Business Startups Act of 2012 (the “Jobs Act”) provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. An emerging growth company can, therefore, delay adoption of certain accounting standards until those standards would otherwise apply to private companies. Management has chosen to take advantage of this extended transition period to adopt ASU No. 2014-09 beginning in the first quarter of 2019. Management anticipates using the retrospective method for adoption.

In preparation for this planned adoption, we have been evaluating the impact of the new standard to our financial statements and accompanying disclosures in the notes to our consolidated financial statements. Our assessment of the impact includes an evaluation of the five-step process set forth in the new standard along with the enhancement of disclosures that will be required. To date, we have developed our initial plan for implementing the standard, which includes identifying customer contracts within the scope of the new standard, identifying performance obligations within those customer contracts, and evaluating the impact of incremental variable consideration paid to obtain those customer contracts. We have also undertaken a comprehensive review of all contracts that fall under the scope of the new standard; and, as of the date of this report, we have substantially completed our review of in-scope contracts.

Based on analysis performed to date, we expect that adoption of the new standard will result in changes to the classification and timing of our revenue recognition. Specifically, we expect an increase in revenue classified as professional services and other revenue and a reduction in revenue classified as recurring services revenue under the new standard, as compared to current U.S. GAAP. Further, we expect that the new standard will result in changes to the timing of our revenue recognition compared to current U.S. GAAP. In compliance with the new standard, a contractual asset will be reflected on the consolidated balance sheets and will be amortized over the customers' period of benefit, which is generally three years. We also expect changes to the timing of certain incremental selling, general, and administrative expenses, as the new standard will also require capitalizing and amortizing certain selling expenses, such as commissions and bonuses paid to the sales force. These sales expenses will be amortized over the customer's period of benefit, generally five years.

In periods of revenue growth, the changes above are expected to result in higher overall earnings before income taxes and net income, on an annual basis, when compared to current U.S. GAAP. We have not yet determined the impact of the disclosure requirements.

The following table presents the anticipated impacts that the adoption of ASC 606 would have for the periods presented:

	Three Months Ended September 30, 2018		
	As Reported	Under ASC 606	Impact
Revenue:			
Recurring services	\$ 157.2	\$ 149.4	\$ (7.8)
Professional services and other	22.4	28.8	6.4
Total revenue	\$ 179.6	\$ 178.2	\$ (1.4)
Operating profit	\$ 15.3	\$ 15.1	\$ (0.2)

	Three Months Ended September 30, 2017		
	As Reported	Under ASC 606	Impact
Revenue:			
Recurring services	\$ 145.6	\$ 139.7	\$ (5.9)
Professional services and other	17.9	26.4	8.5
Total revenue	\$ 163.5	\$ 166.1	\$ 2.6
Operating profit	\$ 5.1	\$ 9.0	\$ 3.9

	Nine Months Ended September 30, 2018		
	As Reported	Under ASC 606	Impact
Revenue:			
Recurring services	\$ 480.8	\$ 460.4	\$ (20.4)
Professional services and other	65.3	85.5	20.2
Total revenue	\$ 546.1	\$ 545.9	\$ (0.2)
Operating profit	\$ 31.3	\$ 36.9	\$ 5.6

	Nine Months Ended September 30, 2017		
	As Reported	Under ASC 606	Impact
Revenue:			
Recurring services	\$ 438.2	\$ 419.8	\$ (18.4)
Professional services and other	50.2	72.7	22.5
Total revenue	\$ 488.4	\$ 492.5	\$ 4.1
Operating profit	\$ 16.9	\$ 25.7	\$ 8.8

In February 2016, the FASB issued ASU No. 2016-02, “Leases,” which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This standard requires balance sheet recognition for both finance leases and operating leases. This guidance is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and for non-public companies for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The guidance is required to be adopted using a modified retrospective approach. An entity will, in effect, continue to account for leases that commence before the effective date in accordance with previous U.S. GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous U.S. GAAP.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows—Classification of Certain Cash Receipts and Cash Payments”, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice of certain cash receipts and cash payments. This guidance is effective for non-public companies for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. We have chosen to early adopt this guidance as of January 1, 2018, and have applied this guidance to the presentation of our debt refinancing transactions that occurred during 2018.

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement—Reporting Comprehensive Income,” which is in response to a narrow-scope financial reporting issue that arose because of the Tax Cuts and Jobs Act. The amendment in this update allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. This amendment is intended to improve the usefulness of information reported to financial statement users by requiring certain disclosures about stranded tax effects. The amendment in this update is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of the adoption of this standard. Please refer to Note 13, “Income Taxes,” for further discussion of this new guidance.

In July 2018, the FASB issued ASU No. 2018-10, “Codification Improvements to Topic 842, Leases” and 2018-11, “Leases (Topic 842): Targeted Improvements”. The amendments in ASU No. 2018-10 affect narrow aspects of the guidance issued in ASU No. 2016-02. For non-early adopters, this amendment is effective under the same timelines as ASU No. 2016-02. The amendments in ASU No. 2018-11 provide entities with an additional (and optional) transition method to adopt the new lease requirements. Under the additional transition method, entities may initially apply the requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The amendments in this update also provide lessors with a practical alternative to separate non-lease components from the associated lease component. Under this alternative, lessors may account for those components as a single component if the non-lease components otherwise would be accounted for under the new revenue guidance (Topic 606) and certain other criteria are met. For entities that have not adopted Topic 842 before the issuance of this update, the effective date and transition requirements are the same as the effective date and transition requirements in ASU No. 2016-02. We are currently evaluating the impact of the adoption of this standard.

3. Discontinued Operations

Distribution of LifeWorks Business

On March 1, 2016, we entered into a strategic joint venture with WorkAngel Technology Limited (“WorkAngel”) in which we contributed our existing LifeWorks employee assistance program business to WorkAngel Organisation Limited, a newly formed English limited company. On January 20, 2017, WorkAngel Organisation Limited changed its name to LifeWorks Corporation Ltd (“LifeWorks”). We had a controlling interest in LifeWorks, including certain preferential distribution rights; therefore, LifeWorks was consolidated within our financial statements, and the other joint venture ownership interest component was presented as a noncontrolling interest. During the nine months ended September 30, 2018, there was loss attributable to the noncontrolling interest of \$0.5. During the three and nine months ended September 30, 2017, there was loss attributable to the noncontrolling interest of \$0.5 and \$0.4, respectively.

In the second quarter of 2018, contemporaneously with our IPO and concurrent private placement, we distributed our controlling financial interest in LifeWorks to our stockholders of record prior to the IPO on a pro rata basis in accordance with their pro rata interests in us (the “LifeWorks Disposition”).

At this time, the LifeWorks Disposition represented a strategic shift in our overall business and had a significant impact on the financial statement results. Therefore, the LifeWorks business has been presented as discontinued operations in the condensed consolidated financial statements and accompanying notes for all periods presented. Ceridian's net book value related to LifeWorks of \$95.7 was recorded as a distribution through additional paid in capital within our condensed consolidated balance sheet during the second quarter of 2018.

The amounts in the table below reflect the operating results of LifeWorks reported as discontinued operations, as well as supplemental disclosures of the discontinued operations:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net revenues	\$ —	\$ 21.1	\$ 28.3	\$ 59.9
Income (loss) from operations before income taxes	—	0.4	(0.9)	1.9
Income tax expense	(3.0)	(2.4)	(13.9)	(3.9)
Loss from discontinued operations, net of income taxes	\$ (3.0)	\$ (2.0)	\$ (14.8)	\$ (2.0)
Depreciation and amortization	\$ —	\$ 1.0	\$ 1.4	\$ 3.0
Capital expenditures	\$ —	\$ —	\$ —	\$ 0.2

The amounts in the table below reflect the assets and liabilities reported as discontinued operations for LifeWorks:

	<u>December 31,</u> <u>2017</u>
Assets:	
Cash and equivalents	\$ 5.3
Trade and other receivables, net	13.3
Prepaid expenses	1.5
Property, plant and equipment, net	1.8
Other intangible assets, net	5.9
Goodwill	126.3
Other assets	2.1
Assets of discontinued operations	<u>\$ 156.2</u>
Liabilities:	
Accounts payable	\$ 4.4
Deferred revenue	2.8
Employee compensation and benefits	1.3
Other liabilities	10.8
Liabilities of discontinued operations	<u>\$ 19.3</u>

Sale of UK Business

On June 15, 2016, we completed the stock sale of our United Kingdom and Ireland businesses, along with the portion of our Mauritius operations that supported these businesses (the "UK Business"). Concurrent with this transaction, we entered into a strategic partnership with the acquirer, SD Worx, a leading European provider of payroll and human capital management ("HCM") services, to deliver cloud HCM services across Europe.

This transaction in the second quarter of 2016 represented a strategic shift in our overall business and had a significant impact on our financial statement results. Therefore, the UK Business has been presented as discontinued operations in the condensed consolidated financial statements and accompanying notes for all periods presented.

The amounts in the table below reflect the operating results of the UK Business reported as discontinued operations, as well as supplemental disclosures of discontinued operations:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Net revenues	\$ —	\$ —
Loss from operations before income taxes	—	—
Loss on sale of businesses	(0.7)	(0.7)
Income tax expense	—	—
Loss from discontinued operations, net of income taxes	\$ (0.7)	\$ (0.7)

Sale of Divested Benefits Continuation Businesses

In the third quarter of 2013, we entered into an agreement for the sale of certain of our customer contracts for consumer-directed benefit services, including flexible spending accounts, health reimbursement accounts, health savings accounts, commuter (parking or transit) premium-only plans, and tuition reimbursement plans (collectively, the “Consumer-Directed Benefit Services”). During the third quarter of 2015, we completed two separate transactions that resulted in the sale of our benefits administration and post-employment health insurance portability compliance businesses (the “Divested Benefits Continuation Businesses”).

These three transactions, which were completed in the third quarter of 2015, represented a strategic shift in our overall business and had a significant impact on the financial statement results. Accordingly, the Divested Benefits Continuation Businesses, as well as the Consumer-Directed Benefit Services, have been presented as discontinued operations in the condensed consolidated financial statements and accompanying notes for all periods presented. The amounts in the table below reflect the operating results and gain on sale of the Divested Benefits Continuation Businesses reported as discontinued operations:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Net revenues	\$ —	\$ —
Income from operations before income taxes	0.1	—
(Loss) gain on sale of businesses	(0.4)	0.5
Income tax benefit (expense)	0.2	(0.2)
(Loss) income from discontinued operations, net of income taxes	\$ (0.2)	\$ 0.3

For both sales of the Divested Benefits Continuation Businesses, consideration received was contingent upon the number and dollar value of successful customer transitions and was recorded when earned. The proceeds received and earned during the nine months ended September 30, 2017, were for a final purchase price true-up related to one of the transactions.

The remaining liabilities related to discontinued operations for the Divested Benefits Continuation Businesses as of September 30, 2018, and December 31, 2017, were \$0.2 and \$0.3 of other accrued expenses.

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). U.S. GAAP outlines a valuation framework and creates a fair value hierarchy intended to increase the consistency and comparability of fair value measurements and the related disclosures. Certain assets and liabilities must be measured at fair value, and disclosures are required for items measured at fair value.

We measure our financial instruments using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

- Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (that is, interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 inputs include unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internal data.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of September 30, 2018, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Available for sale customer trust funds assets	\$ 1,720.1	\$ —	\$ 1,720.1 (a)	\$ —
Total assets measured at fair value	<u>\$ 1,720.1</u>	<u>\$ —</u>	<u>\$ 1,720.1</u>	<u>\$ —</u>

As of December 31, 2017, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Available for sale customer trust funds assets	\$ 1,782.1	\$ —	\$ 1,782.1 (a)	\$ —
Total assets measured at fair value	<u>\$ 1,782.1</u>	<u>\$ —</u>	<u>\$ 1,782.1</u>	<u>\$ —</u>

(a) Fair value is based on inputs that are observable for the asset or liability, other than quoted prices.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the nine months ended September 30, 2018, and the year ended December 31, 2017, we did not re-measure any financial assets or liabilities at fair value on a nonrecurring basis.

5. Customer Trust Funds

Overview

In connection with our U.S. and Canadian payroll and tax filing services, we collect funds for payment of payroll and taxes; temporarily hold such funds in trust until payment is due; remit the funds to the clients' employees and appropriate taxing authority; file federal, state and local tax returns; and handle related regulatory correspondence and amendments. The assets held in trust are intended for the specific purpose of satisfying client fund obligations and, therefore, are not freely available for our general business use.

Our customer trust funds are held and invested with the primary objectives being to ensure adequate liquidity to meet cash flow requirements and to protect the principal balance. In accordance with these objectives, we maintain approximately 46% of customer trust funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, or collateralized short-term investments; and we maintain approximately 54% of customer trust funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of U.S. Treasury and agency securities, Canada government and provincial securities, as well as highly rated asset-backed, mortgage-backed, municipal, corporate and bank securities. To maintain sufficient liquidity in the trust to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing.

Financial Statement Presentation

Investment income from invested customer trust funds is a component of our compensation for providing services under agreements with our customers. Investment income from invested customer trust funds included in revenue was \$15.8 and \$11.6 for the three months ended September 30, 2018, and 2017, respectively, and \$49.6 and \$34.2 for the nine months ended September 30, 2018, and 2017, respectively. Investment income includes interest income, realized gains and losses from sales of customer trust funds' investments, and unrealized credit losses determined to be other-than-temporary.

The amortized cost of customer trust funds as of September 30, 2018, and December 31, 2017, is the original cost of assets acquired. The amortized cost and fair values of investments of customer trust funds available for sale as of September 30, 2018, and December 31, 2017, are as follows:

Investments of Customer Trust Funds at September 30, 2018

	Amortized Cost	Gross Unrealized		Fair Value
		Gain	Loss	
Money market securities, investments carried at cost and other cash equivalents	\$ 1,697.9	\$ —	\$ —	\$ 1,697.9
Available for sale investments:				
U.S. government and agency securities	548.6	—	(19.1)	529.5
Canadian and provincial government securities	414.6	2.1	(2.7)	414.0
Corporate debt securities	513.1	0.2	(6.8)	506.5
Asset-backed securities	249.6	—	(3.6)	246.0
Mortgage-backed securities	9.7	—	(0.3)	9.4
Other securities	14.9	—	(0.2)	14.7
Total available for sale investments	<u>1,750.5</u>	<u>2.3</u>	<u>(32.7)</u>	<u>1,720.1</u>
Invested customer trust funds	3,448.4	\$ 2.3	\$ (32.7)	3,418.0
Trust receivables	8.6			8.6
Total customer trust funds	<u>\$ 3,457.0</u>			<u>\$ 3,426.6</u>

Investments of Customer Trust Funds at December 31, 2017

	Amortized Cost	Gross Unrealized		Fair Value
		Gain	Loss	
Money market securities, investments carried at cost and other cash equivalents	\$ 2,309.3	\$ —	\$ —	\$ 2,309.3
Available for sale investments:				
U.S. government and agency securities	584.6	0.1	(7.1)	577.6
Canadian and provincial government securities	418.2	6.6	(1.5)	423.3
Corporate debt securities	472.3	0.8	(2.5)	470.6
Asset-backed securities	280.8	—	(1.8)	279.0
Mortgage-backed securities	15.0	—	(0.2)	14.8
Other securities	17.0	—	(0.2)	16.8
Total available for sale investments	<u>1,787.9</u>	<u>7.5</u>	<u>(13.3)</u>	<u>1,782.1</u>
Invested customer trust funds	4,097.2	\$ 7.5	\$ (13.3)	4,091.4
Trust receivables	8.3			8.3
Total customer trust funds	<u>\$ 4,105.5</u>			<u>\$ 4,099.7</u>

The following represents the gross unrealized losses and the related fair value of the investments of customer trust funds available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2018.

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. government and agency securities	\$ (8.0)	\$ 257.9	\$ (11.1)	\$ 268.7	\$ (19.1)	\$ 526.6
Canadian and provincial government securities	(0.9)	86.9	(1.8)	100.8	(2.7)	187.7
Corporate debt securities	(3.7)	271.1	(3.1)	145.9	(6.8)	417.0
Asset-backed securities	(1.1)	97.4	(2.5)	129.8	(3.6)	227.2
Mortgage-backed securities	(a)	1.2	(0.3)	8.0	(0.3)	9.2
Other securities	(0.1)	4.0	(0.1)	10.5	(0.2)	14.5
Total available for sale investments	\$ (13.8)	\$ 718.5	\$ (18.9)	\$ 663.7	\$ (32.7)	\$ 1,382.2

(a) These investments have been in an unrealized loss position; however, the amount of unrealized loss is less than \$0.05.

Management does not believe that any individual unrealized loss as of September 30, 2018, represents an other-than-temporary impairment. The unrealized losses are primarily attributable to changes in interest rates and not to credit deterioration. We currently do not intend to sell or expect to be required to sell the securities before the time required to recover the amortized cost.

The amortized cost and fair value of investment securities available for sale at September 30, 2018, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or to prepay obligations with or without call or prepayment penalties.

	September 30, 2018	
	Cost	Fair Value
Due in one year or less	\$ 2,024.4	\$ 2,023.9
Due in one to three years	565.6	556.5
Due in three to five years	565.5	557.6
Due after five years	292.9	280.0
Invested customer trust funds	\$ 3,448.4	\$ 3,418.0

6. Property, Plant, and Equipment

Property, plant, and equipment consisted of the following:

	September 30, 2018	December 31, 2017
Land	\$ 7.5	\$ 7.5
Software	218.5	197.4
Machinery and equipment	118.8	120.3
Buildings and improvements	39.8	36.3
Total property, plant, and equipment	384.6	361.5
Accumulated depreciation	(284.0)	(259.5)
Property, plant, and equipment, net	\$ 100.6	\$ 102.0

Depreciation expense of property, plant, and equipment totaled \$9.6 and \$8.9 for the three months ended September 30, 2018, and 2017, respectively, and \$28.4 and \$25.8 for the nine months ended September 30, 2018, and 2017, respectively.

7. Goodwill and Intangible Assets

Goodwill

Goodwill and changes therein were as follows for the nine months ended September 30, 2018, and the year ended December 31, 2017:

Balance at December 31, 2016	\$	1,933.1
Translation		27.9
Balance at December 31, 2017		1,961.0
Translation		(11.2)
Balance at September 30, 2018	\$	<u>1,949.8</u>

Intangible Assets

Other intangible assets consisted of the following as of September 30, 2018:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
Customer lists and relationships	\$ 208.6	\$ (188.8)	\$ 19.8	5-15
Trade name	173.9	(2.0)	171.9	—
Technology	154.4	(153.8)	0.6	2-7
Total other intangible assets	<u>\$ 536.9</u>	<u>\$ (344.6)</u>	<u>\$ 192.3</u>	

The LifeWorks Disposition was considered a triggering event for testing of the trade name intangible asset for impairment. There was no impairment indicated as of April 30, 2018. Please refer to Note 3, "Discontinued Operations," for further discussion of the LifeWorks Disposition.

Other intangible assets consisted of the following as of December 31, 2017:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
Customer lists and relationships	\$ 210.1	\$ (177.0)	\$ 33.1	5-15
Trade name	174.1	(2.1)	172.0	—
Technology	155.6	(154.2)	1.4	2-7
Total other intangible assets	<u>\$ 539.8</u>	<u>\$ (333.3)</u>	<u>\$ 206.5</u>	

Amortization expense related to definite-lived intangible assets was \$4.7 and \$4.7 for the three months ended September 30, 2018, and 2017, respectively, and \$14.0 and \$13.9 for the nine months ended September 30, 2018, and 2017, respectively.

8. Debt

Overview

Our debt obligations consisted of the following as of the periods presented:

	September 30, 2018	December 31, 2017
Term Debt, interest rate of 5.5% and 5.1% as of September 30, 2018 and December 31, 2017, respectively	\$ 680.0	\$ 657.3
Senior Notes, interest rate of 11.0% as of December 31, 2017	—	475.0
Revolving Credit Facility (\$300.0 and \$130.0 available capacity less amounts reserved for letters of credit, which were \$2.7 and \$2.9 as of September 30, 2018 and December 31, 2017, respectively)	—	—
Total debt	680.0	1,132.3
Less unamortized discount on Term Debt	1.7	0.9
Less unamortized debt issuance costs on Senior Notes and Term Debt	6.5	11.6
Less current portion of long-term debt	6.8	—
Long-term debt, less current portion	<u>\$ 665.0</u>	<u>\$ 1,119.8</u>

Senior Secured Credit Facility

Ceridian entered into a credit agreement dated as of November 14, 2014, pursuant to the terms of which Ceridian became borrower of (i) a \$702.0 term loan debt facility (the “2014 Term Debt”) and (ii) a \$130.0 revolving credit facility (the “2014 Revolving Credit Facility”) (the 2014 Term Debt and the 2014 Revolving Credit Facility are together referred to as the “2014 Senior Secured Credit Facility”). The 2014 Senior Secured Credit Facility was secured by all assets of Ceridian and was senior to Ceridian’s other debt. The 2014 Term Debt had a maturity date of September 2020, and the 2014 Revolving Credit Facility had a maturity date of September 2019. During the three months ended March 31, 2018, Ceridian made a final mandatory pre-payment of \$0.3 towards the principal balance of the Term Debt from the proceeds received from the 2016 sale of our United Kingdom and Ireland business.

On April 30, 2018, Ceridian completed the refinancing of the remaining debt under the 2014 Senior Secured Credit Facility by entering into a new credit agreement. Pursuant to the terms of the new credit agreement, Ceridian became borrower of (i) a \$680.0 term loan debt facility (the “2018 Term Debt”) and (ii) a \$300.0 revolving credit facility (the “2018 Revolving Credit Facility”) (the 2018 Term Debt and the 2018 Revolving Credit Facility are together referred to as the “2018 Senior Secured Credit Facility”). The 2018 Senior Secured Credit Facility is secured by all assets of Ceridian. The 2018 Term Debt has a maturity date of April 30, 2025, and the 2018 Revolving Credit Facility has a maturity date of April 30, 2023. The 2018 Term Debt is currently subject to an interest rate of LIBOR plus 3.25%. In the event our corporate rating from Moody’s Investors Service, Inc. is B2 or better, the interest rate is reduced to LIBOR plus 3.00%, so long as the rating is maintained.

In connection with the refinancing of the 2014 Senior Secured Credit Facility, we capitalized \$3.6 of financing costs and recognized a loss on debt extinguishment of \$7.1 within interest expense, net on our condensed consolidated statement of operations during the nine months ended September 30, 2018.

Senior Notes

Using the net proceeds received from the IPO and concurrent private placement, we satisfied and discharged the indenture governing our Senior Notes on April 30, 2018, and the Senior Notes were redeemed on May 30, 2018. In connection with the redemption of the Senior Notes, we recognized a loss on debt extinguishment of \$18.6 within interest expense, net on our condensed consolidated statement of operations during the nine months ended September 30, 2018.

Future Payments and Maturities of Debt

The future principal payments and maturities of our debt are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2018	\$ 1.7
2019	6.8
2020	6.8
2021	6.8
2022	6.8
Thereafter	651.1
	<u>\$ 680.0</u>

Fair Value of Debt

Our debt does not trade in active markets. Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities and the limited trades of our debt, the fair value of our debt was estimated to be \$680.9 and \$1,154.1 as of September 30, 2018 and December 31, 2017, respectively.

9. Employee Benefit Plans

The components of net periodic cost for our defined benefit pension plan and for our postretirement benefit plan are included in the following tables:

Net Periodic Pension Cost	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest cost	\$ 4.1	\$ 4.3	\$ 12.3	\$ 12.9
Actuarial loss amortization	3.6	3.2	10.8	9.6
Less: Expected return on plan assets	(6.5)	(6.6)	(19.5)	(19.8)
Net periodic pension cost	<u>\$ 1.2</u>	<u>\$ 0.9</u>	<u>\$ 3.6</u>	<u>\$ 2.7</u>

Net Periodic Postretirement Benefit	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Service benefit	\$ (0.1)	\$ (0.1)	\$ (0.3)	\$ (0.3)
Interest cost	0.1	0.1	0.3	0.3
Actuarial gain amortization	(0.6)	(0.6)	(1.8)	(1.8)
Net periodic postretirement benefit gain	<u>\$ (0.6)</u>	<u>\$ (0.6)</u>	<u>\$ (1.8)</u>	<u>\$ (1.8)</u>

10. Share-Based Compensation

Prior to November 1, 2013, Ceridian employees participated in a share-based compensation plan of the former ultimate parent of Ceridian. The 2007 Stock Incentive Plan (“2007 SIP”) authorized the issuance of up to 10,540,540 shares of common stock of Parent to eligible participants through stock options and stock awards. Eligible participants in the 2007 SIP included the Parent’s directors, employees and consultants.

Effective November 1, 2013, although most participants who held stock options under the 2007 SIP converted their options to a newly created option plan, the 2013 Ceridian HCM Holding Inc. Stock Incentive Plan, as amended (“2013 SIP”), a small number of participants maintained their stock options in the 2007 SIP. Concurrent with the IPO and legal reorganization, all outstanding stock options under the 2007 SIP were converted into options to purchase common stock of Ceridian. As of September 30, 2018, there were 5,000 stock options outstanding under the 2007 SIP.

The 2013 SIP authorized the issuance of up to 12,500,000 shares of common stock of Ceridian to eligible participants through stock options and other stock awards, which was increased to 15,000,000 on March 20, 2017, by the Board of Directors. Eligible participants in the 2013 SIP include Ceridian’s directors, employees, and consultants.

As part of the 2013 SIP, the Board of Directors approved a stock appreciation rights program that authorized the issuance of up to 600,000 stock appreciation rights. The performance criteria for all stock appreciation rights was met on April 30, 2018, resulting in the vesting of all outstanding stock appreciation rights. We recognized \$1.5 of share-based compensation expense related to the vesting of these stock appreciation rights during the nine months ended September 30, 2018. As of September 30, 2018, there were no remaining outstanding stock appreciation rights.

Stock options awarded under the 2013 SIP vest either annually on a pro rata basis over a four- or five-year period or on a specific date if certain performance criteria are satisfied and certain equity values are attained. In addition, upon termination of service, all vested options must be exercised generally within 90 days after termination, or these awards will be forfeited. The stock option awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of grant. As of September 30, 2018, there were 10,766,257 stock options and restricted stock units outstanding under the 2013 SIP. We do not intend to grant any awards under the 2007 SIP or the 2013 SIP following our IPO.

On April 24, 2018, in connection with the IPO, the Board of Directors approved the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (“2018 EIP”), which authorizes the issuance of up to 13,500,000 shares of common stock to eligible participants through equity awards. Equity awards under the 2018 EIP vest annually on a pro rata basis, generally over a four-year period. In addition, upon termination of service, all vested awards must be exercised within 90 days after termination, or these awards will be forfeited. The equity awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of the grant. As of September 30, 2018, there were 5,125,110 stock options and restricted stock units outstanding and 8,374,890 shares available for future grants of equity awards under the 2018 EIP.

Total share-based compensation expense was \$4.8 and \$4.3 for three months ended September 30, 2018, and 2017, respectively, and \$19.5 and \$12.8 for the nine months ended September 30, 2018, and 2017.

Performance-Based Stock Options

Performance-based option activity under the 2007 SIP and the 2013 SIP for the period was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Performance-based options outstanding at December 31, 2017	1,038,147	\$ 13.46	3.5	\$ —
Granted	—	—	—	—
Exercised	(633,606)	(13.46)	—	—
Forfeited or expired	(8,358)	(13.46)	—	—
Performance-based options outstanding at September 30, 2018	396,183	\$ 13.50	3.4	\$ 11.3
Performance-based options exercisable at September 30, 2018	396,183	\$ 13.50	3.4	\$ 11.3

The performance criteria for all outstanding performance-based stock options was met on June 7, 2018, resulting in the vesting of all outstanding performance-based stock options on this date. We recognized \$4.8 of share-based compensation expense related to the vesting of these performance-based stock options during the nine months ended September 30, 2018. As of September 30, 2018, there was no share-based compensation expense related to unvested performance-based stock options not yet recognized.

Term-Based Stock Options

Term-based option activity, including stock options under the 2007 SIP, the 2013 SIP and the 2018 EIP, for the period was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Term-based options outstanding at December 31, 2017	10,994,181	\$ 16.52	6.9	\$ 48.8
Granted	5,140,787	22.84	—	—
Exercised	(1,127,360)	(13.73)	—	—
Forfeited or expired	(166,747)	(17.09)	—	—
Term-based options outstanding at September 30, 2018	14,840,861	\$ 18.66	7.6	\$ 346.8
Term-based options exercisable at September 30, 2018	6,868,950	\$ 16.70	5.8	\$ 174.0

As of September 30, 2018, there was \$49.7 of share-based compensation expense related to unvested term based awards not yet recognized, which is expected to be recognized over a weighted average period of 1.9 years.

Restricted Stock Units

Restricted stock units (“RSUs”) activity, including RSUs under the 2013 SIP and the 2018 EIP, for the period was as follows:

	Shares
RSUs outstanding at December 31, 2017	605,990
Granted	159,323
Shares issued upon vesting of RSUs	(105,990)
Forfeited or canceled	—
RSUs outstanding at September 30, 2018	659,323
RSUs releasable at September 30, 2018	125,000

During the nine months ended September 30, 2018, 159,323 RSUs were granted and 230,990 RSUs vested. Of the vested RSUs 105,990 shares of common stock were issued, and 125,000 RSUs remained vested and releasable. As of September 30, 2018, there were 534,323 unvested RSUs outstanding. RSUs generally vest annually over a three- or four-year period. There were 29,800 RSUs that vested upon completion of the IPO. As of September 30, 2018, there was \$10.6 of share-based compensation expense related to unvested RSUs not yet recognized, which is expected to be recognized over a weighted average period of 2.8 years.

11. Supplementary Data to Statements of Operations

Other expense, net consisted of foreign currency translation expense of \$0.3 and \$3.8 for the three months ended September 30, 2018 and 2017, respectively. The foreign currency translation expense for the three months ended September 30, 2017, is primarily related to remeasurement losses from an intercompany payable of a U.S. subsidiary denominated in Canadian dollars. This intercompany payable was repaid in the second quarter of 2018.

Other (income) expense, net consisted of foreign currency translation income of \$2.5, and foreign currency translation expense of \$6.9 for the nine months ended September 30, 2018, and 2017, respectively. The foreign currency translation is primarily related to remeasurement gains and losses from an intercompany payable of a U.S. subsidiary denominated in Canadian dollars. This intercompany payable was repaid in the second quarter of 2018.

12. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) were as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) from Invested Customer Trust Funds	Pension Liability Adjustment	Total
Balance as of December 31, 2017	\$ (160.6)	\$ (9.0)	\$ (142.5)	\$ (312.1)
Other comprehensive income (loss) before income taxes and reclassifications	(16.2)	(24.5)	(0.3)	(41.0)
Income tax benefit	—	2.3	—	2.3
Reclassifications to earnings	—	—	9.0	9.0
Other comprehensive income (loss) attributable to Ceridian LifeWorks Disposition	(16.2)	(22.2)	8.7	(29.7)
	0.7	—	—	0.7
Balance as of September 30, 2018	<u>\$ (176.1)</u>	<u>\$ (31.2)</u>	<u>\$ (133.8)</u>	<u>\$ (341.1)</u>

13. Income Taxes

Our income tax provision represents federal, state, and international taxes on our income recognized for financial statement purposes, which includes the effect of temporary differences between financial statement income and income recognized for tax return purposes. Our income tax provision is negatively affected by the need for a valuation allowance against our deferred tax assets. We record a valuation allowance to reduce our deferred tax asset when it is more likely than not that all or a portion of the deferred tax asset will not be realized. In determining the requirement for a valuation allowance, we assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize our deferred tax assets not already identified as requiring a valuation allowance. As of September 30, 2018, and December 31, 2017, we continued to record a full valuation allowance against our domestic deferred tax assets that are not offset by the reversal of deferred tax liabilities. In the future, if it is determined that we no longer have a requirement to record a valuation allowance against all or a portion of our deferred tax assets, the release of the valuation allowance would have a positive impact on our income tax provision.

On December 22, 2017, the Tax Cut and Jobs Act legislation (the “Tax Act”) was signed into law. The Tax Act made broad and complex changes to the U.S. tax code including: (a) lower U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018, (b) accelerated expensing of qualified capital investments for a specific period, and (c) a transition from a worldwide tax system to a territorial tax system. The reduction in the U.S. statutory tax rate from 35% to 21% results in the reduction of the overall U.S. statutory tax rate, including state and local taxes, from 39.0% to 25.9%.

ASC 740, Income Taxes, requires a company to record the effects of a tax law change in the period of enactment; however, shortly after enactment of the Tax Act, the SEC staff issued Staff Accounting Bulletin (“SAB”) 118, which allows a company to record a provisional amount when it does not have the necessary information available to complete its accounting for the change in the tax law. The FASB subsequently issued ASU No. 2018-05 to codify SAB 118 by amending ASC 740. ASU No. 2018-05 continues to allow a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law. The measurement period ends when the company has obtained, prepared, and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year.

We recorded income tax expense of \$5.8 during the nine months ended September 30, 2018. Included in this amount are the estimated impacts of requiring a current inclusion in U.S. federal income of certain earnings of controlled foreign corporations, allowing a domestic corporation an immediate deduction in the U.S. taxable income for a portion of its foreign-derived intangible income, and the base erosion anti-abuse tax.

In January and April of 2018, the Internal Revenue Service (the “IRS”) issued guidance that provides additional clarification on certain aspects of the transition tax calculation. For the quarter ended September 30, 2018, the application of the additional IRS guidance resulted in a \$16.2 million increase in includible untaxed foreign earnings, which resulted in a \$5.7 million increase in tax expense. This increase was offset by the tax benefit of the utilization of \$16.2 million of net operating loss carryover. The overall impact to tax expense in the quarter ended September 30, 2018, was zero.

The total amount of unrecognized tax benefits as of September 30, 2018, and December 31, 2017, were \$1.3, including \$0.2 of accrued interest, and \$1.5, including \$0.4 of accrued interest, respectively. Of the total amount of unrecognized tax benefits as of September 30, 2018, \$1.3 represents the amount that, if recognized, would favorably impact our effective income tax rate. It is reasonable to expect that the amount of unrecognized tax benefits will change in the next twelve months; however, we do not expect the change to have a significant impact on our results of operations or financial condition.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. With a few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014.

14. Commitments and Contingencies

Legal Matters

We are subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, disputes with our competitors, intellectual property disputes, government audits and proceedings, customer disputes, and tort claims. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part.

Our general terms and conditions in customer contracts frequently include a provision indicating that we will indemnify and hold our customers harmless from and against any and all claims alleging that the services and materials furnished by us violate any third party's patent, trade secret, copyright or other intellectual property right. We are not aware of any material pending litigation concerning these indemnifications.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum, and law under which each action is proceeding. Because of these complexities, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities, if any.

There can be no certainty that we may not ultimately incur charges in excess of presently established or future financial accruals or insurance coverage. Although occasional adverse decisions or settlements may occur, it is management's opinion that the final disposition of these proceedings will not, considering the merits of the claims and available resources or reserves and insurance, and based upon the facts and circumstances currently known, have a material adverse effect on our financial position or results of operations.

15. Related Party Transactions

Management Agreements

Prior to our IPO, Ceridian was party to management agreements with affiliates of our Sponsors, Fidelity National Financial, Inc. ("FNF") and THL Managers VI, LLC ("THLM"). FNF assigned its management agreement to Cannae in November 2017. Pursuant to these management agreements, Cannae and THLM each, respectively, agreed to provide us with financial advisory, strategic, and general oversight services. These management agreements provided that we pay annual management fees to each of Cannae and THLM in an amount equal to the greater of (a) \$0.9, or (b) 0.5 percent of Adjusted EBITDA. Adjusted EBITDA, for purposes of the management agreements, was EBITDA as defined in the 2014 Senior Secured Credit Facility, further adjusted to exclude the payments made pursuant to the management agreements and certain stock options or other equity compensation.

In April 2018, the management agreements terminated upon consummation of our IPO. Upon termination, the management agreements provided that we pay a termination fee equal to the net present value of the management fee for a seven-year period, which was \$11.3.

We recorded a management fee expense in selling, general, and administrative expense of \$0.5 for the three months ended September 30, 2017, related to these management agreements. During the nine months ended September 30, 2018, and 2017, we recorded a management fee expense in selling, general, and administrative expense of \$12.0 and \$1.4, respectively, related to these management agreements.

Debt

Prior to its split-off from FNF, Cannae was an affiliate of FNF. FNF and its subsidiaries owned \$24.0 of the Senior Notes as of December 31, 2017. Based on this ownership, \$0.8 in interest payments were made for the three months ended September 30, 2017, and \$1.3 and \$2.4 during the nine months ended September 30, 2018, and 2017, respectively. FNF and its subsidiaries conducted the debt transactions through third parties in the ordinary course of their business and not directly with us. Following Cannae's split-off from FNF, FNF retained ownership of the Senior Notes.

Service and Vendor Related Agreements

Ceridian is a party to a service agreement with CompuCom Systems, Inc. ("CompuCom"), an investment portfolio company of THL Partners. Pursuant to the service agreement, CompuCom agrees to provide us with service desk and desk side support services. Pursuant to this arrangement, we made payments to CompuCom totaling \$0.6 and \$0.9 during the three months ended September 30, 2018, and 2017, respectively, and \$1.3 and \$2.3 during the nine months ended September 30, 2018, and 2017, respectively.

Other Transactions

On July 23, 2018, Ronald F. Clarke was appointed to our Board of Directors. Mr. Clarke has been the chief executive officer of FleetCor Technologies Inc. ("FleetCor Technologies") since August 2000 and its chairman of the board of directors since March 2003. We provide services to FleetCor Technologies or one of its wholly owned affiliates through certain commercial arrangements entered into in the ordinary course of business, which include provision of Dayforce HCM services, reseller or referral arrangements whereby we resell or refer FleetCor Technologies services to its customers, and other administrative services. For these services, we have recorded revenue of \$0.1 and \$0.1 for the three months ended September 30, 2018, and 2017, respectively, and \$0.2 and \$0.4 for the nine months ended September 30, 2018, and 2017, respectively. We are also a corporate charge card customer of FleetCor Technologies. FleetCor Technologies receives a fee from the merchants from whom purchases are made on the FleetCor Technologies corporate charge card by us. In connection with charge card purchases made by us, FleetCor Technologies has provided us with rebates of approximately \$0.1 and \$0.2 for the three and nine months ended September 30, 2017, respectively.

We provide Dayforce and related services to The Stronach Group, for which we recorded revenue \$0.2 for the nine months ended September 30, 2018. Alon Ossip, the brother of our chief executive officer, David Ossip, was the chief executive officer, and is currently a minority shareholder, of The Stronach Group.

We provide Dayforce and related services to FNF for which we recorded revenue of \$0.1 for the three months ended September 30, 2018, and \$0.3 and \$0.4 for the nine months ended September 30, 2018, and 2017, respectively.

16. Financial Data by Segment and Geographic Area

Segments

After consideration of the LifeWorks Disposition, management has concluded that we have one operating and reportable segment. This conclusion aligns with how management monitors operating performance, allocates resources, and deploys capital. Please refer to Note 3, "Discontinued Operations," for further discussion of the LifeWorks Disposition.

Our Solutions

We categorize our solutions into two categories, Cloud and Bureau.

- Cloud revenue is generated from HCM solutions that are delivered via two cloud offerings, Dayforce and Powerpay. The Dayforce offering is differentiated from our market competition as being a single application with continuous calculation that offers a comprehensive range of functionality, including global HR, payroll, benefits, workforce management, and talent management on web and native iOS and Android platforms. Dayforce revenue is primarily generated from monthly recurring fees charged on a per-employee, per-month ("PEPM") basis, generally one-month in advance of service. Also included within Dayforce revenue is implementation, staging, and other professional services revenue; revenues from the sale, rental, and maintenance of time clocks; and billable travel expenses. The Powerpay offering is our solution designed primarily for small market Canadian customers. The typical Powerpay customer has fewer than 20 employees, and the majority of the revenue is generated from recurring fees charged on a per-employee, per-process basis. Typical processes include the customer's payroll runs, year-end tax packages, and delivery of customers' remittance advices or checks. In addition to the direct revenue earned from the Dayforce and Powerpay offerings, Cloud revenue also includes investment income generated from holding Cloud customer funds in trust before funds are remitted to taxing authorities, Cloud customer employees, or other third parties; and revenue from the sale of third party services.

- Bureau revenue is generated primarily from HCM solutions delivered via a service-bureau model. These solutions are delivered via three primary service lines: payroll, payroll-related tax filing services, and outsourced human resource solutions. Revenue from payroll services is generated from recurring fees charged on a per-process basis. Typical processes include the customer's payroll runs, year-end tax packages, and delivery of customers' remittance advices or checks. In addition to customers who use our payroll services, certain customers use our tax filing services on a stand-alone basis. Our outsourced human resource solutions are tailored to meet the needs of individual customers, and entail our contracting to perform many of the duties of a customer's human resources department, including payroll processing, time and labor management, performance management, and recruiting. We also perform individual services for customers, such as check printing, wage attachment and disbursement, and Affordable Care Act ("ACA") management. Additional items included in Bureau revenue are custom professional services revenue; investment income generated from holding Bureau customer funds in trust before funds are remitted to taxing authorities, Bureau customer employees, or other third parties; consulting services related to Bureau offerings; and revenue from the sale of third party services.

Revenue by solution is as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cloud	\$ 133.0	\$ 103.0	\$ 386.0	\$ 288.0
Bureau	46.6	60.5	160.1	200.4
Total revenue	\$ 179.6	\$ 163.5	\$ 546.1	\$ 488.4

17. Net Income (Loss) per Share

We compute net income (loss) per share of common stock using the treasury stock method.

Basic net income (loss) per share is computed by dividing net income (loss) attributable to Ceridian available to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

For the calculation of diluted net income (loss) per share, net income (loss) per share is adjusted by the effect of dilutive securities, including awards under our share-based compensation plans. Diluted net income (loss) per share is computed by dividing the resulting net income (loss) attributable to Ceridian available to common stockholders by the weighted-average number of fully diluted common shares outstanding. During the three months ended September 30, 2017, and the nine months ended September 30, 2018, and 2017, our potential dilutive shares, such as stock options, RSUs, and shares of senior and junior convertible preferred stock were not included in the computation of diluted net loss per share as the effect of including these shares in the calculation would have been anti-dilutive.

The numerators and denominators of the basic and diluted net income (loss) per share computations are calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Numerator:				
Net income (loss) attributable to Ceridian	\$ 4.4	\$ (20.1)	\$ (63.2)	\$ (54.2)
Less: Loss from discontinued operations	(3.0)	(2.9)	(14.8)	(2.4)
Net income (loss) from continuing operations attributable to Ceridian	7.4	(17.2)	(48.4)	(51.8)
Less: Senior Preferred Stock dividends declared	—	5.3	7.7	15.3
Net income (loss) from continuing operations attributable to Ceridian available to common stockholders	<u>\$ 7.4</u>	<u>\$ (22.5)</u>	<u>\$ (56.1)</u>	<u>\$ (67.1)</u>
Denominator:				
Weighted-average shares outstanding - basic	137,768,764	65,281,692	105,730,178	65,181,373
Effect of dilutive equity instruments	7,295,934	—	—	—
Weighted-average shares outstanding - diluted	145,064,698	65,281,692	105,730,178	65,181,373
Net income (loss) per share from continuing operations attributable to Ceridian - basic	\$ 0.05	\$ (0.35)	\$ (0.53)	\$ (1.03)
Net loss per share from discontinued operations - basic	\$ (0.02)	\$ (0.04)	\$ (0.14)	\$ (0.04)
Net income (loss) per share attributable to Ceridian - basic	<u>\$ 0.03</u>	<u>\$ (0.39)</u>	<u>\$ (0.67)</u>	<u>\$ (1.07)</u>
Net income (loss) per share from continuing operations attributable to Ceridian - diluted	\$ 0.05	\$ (0.35)	\$ (0.53)	\$ (1.03)
Net loss per share from discontinued operations - diluted	\$ (0.02)	\$ (0.04)	\$ (0.14)	\$ (0.04)
Net income (loss) per share attributable to Ceridian - diluted	<u>\$ 0.03</u>	<u>\$ (0.39)</u>	<u>\$ (0.67)</u>	<u>\$ (1.07)</u>

The following potentially dilutive weighted-average shares were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive:

	Three Months Ended		Nine Months Ended September 30,	
	September 30,		2018	2017
	2018	2017		
Senior convertible preferred stock	—	16,802,144	7,358,603	16,802,144
Junior convertible preferred stock	—	58,244,308	25,508,456	58,244,308
Stock options	148,370	11,778,981	14,127,557	11,349,251
Restricted stock units	—	605,990	561,836	478,325

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this "Form 10-Q") and in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2017, (our "2017 Annual Report") included within our prospectus dated April 25, 2018, as filed with the Securities and Exchange Commission (the "SEC") on April 26, 2018, pursuant to Rule 424(b) under the Securities Act of 1933, as amended (File No. 333-223905) (the "Prospectus"). Any reference to a "Note" in this discussion relates to the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q unless otherwise indicated.

Overview

Ceridian is a global human capital management ("HCM") software company. Dayforce, our flagship cloud HCM platform, provides human resources ("HR"), payroll, benefits, workforce management, and talent management functionality. Our platform is used by organizations, regardless of industry or size, to optimize management of the entire employee lifecycle, including attracting, engaging, paying, deploying, and developing their people. Dayforce was built as a single application from the ground up that combines a modern, consumer-grade user experience with proprietary application architecture, including a single employee record and a rules engine spanning all areas of HCM. Our platform is designed to make work life better for our customers and their employees by improving HCM decision-making processes, streamlining workflows, providing strategic organizational insights, and simplifying legislative compliance. The platform is designed to ease administrative work for both employees and managers, creating opportunities for companies to increase employee engagement. We are a founder-led organization, and our culture combines the agility and innovation of a start-up with a history of deep domain and operational expertise.

We sell Dayforce through our direct sales force on a subscription per-employee, per-month ("PEPM") basis. Our subscriptions are typically structured with an initial fixed term of between three and five years, with evergreen renewal thereafter. Dayforce can serve customers of all sizes, ranging from 100 to over 100,000 employees. We have rapidly grown the Dayforce platform to more than 3,450 live Dayforce customers as of September 30, 2018. For the three and nine months ended September 30, 2018, we added over 150 and 450 new live Dayforce customers, respectively.

In addition to Dayforce, we sell Powerpay, a cloud HR and payroll solution for the Canadian small business market, through both direct sales and established partner channels. We also continue to support customers using our Bureau solutions, which we generally stopped actively selling to new customers following the acquisition of Dayforce. We invest in maintenance and necessary updates to support our Bureau customers and continue to migrate them to Dayforce.

How We Generate Revenue

We generate recurring revenues primarily from recurring fees charged for the use of our Cloud solutions, Dayforce and Powerpay, as well as from our Bureau solutions. We also generate professional services and other revenue associated primarily with the work performed to assist customers with the planning, design, implementation, and staging of their cloud-based solution. Our solutions are typically provided through long-term customer relationships that result in a high level of recurring revenue. For Dayforce, we primarily charge monthly recurring fees on a PEPM basis, generally one-month in advance of service, based on the number and type of solutions provided to the customer and the number of employees and other users at the customer. Our standard Dayforce contracts are generally for a three to five-year period. The average time it takes to implement Dayforce typically ranges from three months for smaller customers to nine months for larger customers. Once Dayforce is implemented, the customer goes live, and we begin to generate recurring revenue. For Powerpay, we charge customers recurring fees on a per-employee, per-process basis. Powerpay can typically be implemented on a remote basis within one to three days, at which point we start receiving recurring fees. For our Bureau solutions, we primarily charge recurring fees on a per-process basis. We also generate recurring revenue from investment income from funds held in trust on behalf of our customers.

Our Solutions

We categorize our solutions into two categories, Cloud and Bureau.

Cloud revenue is generated from solutions that are delivered via two cloud offerings, Dayforce and Powerpay. The Dayforce offering is differentiated from our market competition as being a single application with continuous calculation that offers a comprehensive range of functionality, including global HR, payroll, benefits, workforce management, and talent management on web and native iOS and Android platforms. Dayforce revenue is primarily generated from monthly recurring fees charged on a PEPM basis, generally one-month in advance of service. Also included within Dayforce revenue is implementation, staging, and other professional services revenue; revenues from the sale, rental, and maintenance of time clocks; and billable travel expenses. The Powerpay offering is our solution designed primarily for small market Canadian customers. The typical Powerpay customer has fewer

than 20 employees, and the majority of the revenue is generated from recurring fees charged on a per-employee, per-process basis. Typical processes include the customer's payroll runs, year-end tax packages, and delivery of customers' remittance advices or checks. In addition to the direct revenue earned from the Dayforce and Powerpay offerings, Cloud revenue also includes investment income generated from holding Cloud customer funds in trust before funds are remitted to taxing authorities, Cloud customer employees, or other third parties; and revenue from the sale of third party services.

Bureau revenue is generated primarily from solutions delivered via a service-bureau model. These solutions are delivered via three primary service lines: payroll, payroll-related tax filing services, and outsourced human resource solutions. Revenue from payroll services is generated from recurring fees charged on a per-process basis. Typical processes include the customer's payroll runs, year-end tax packages, and delivery of customers' remittance advices or checks. In addition to customers who use our payroll services, certain customers use our tax filing services on a stand-alone basis. Our outsourced human resource solutions are tailored to meet the needs of individual customers, and entail our contracting to perform many of the duties of a customer's human resources department, including payroll processing, time and labor management, performance management, and recruiting. We also perform individual services for customers, such as check printing, wage attachment and disbursement, and ACA management. Additional items included in Bureau revenue are custom professional services revenue; investment income generated from holding Bureau customer funds in trust before funds are remitted to taxing authorities, Bureau customer employees, or other third parties; consulting services related to Bureau offerings; and revenue from the sale of third party services.

Within each solution, we categorize our revenue as: (i) recurring services or (ii) professional services and other. Recurring services revenues consist of the recurring fees that we charge for our Cloud and Bureau solutions. We also generate recurring services revenue from investment income on our Cloud and Bureau customer funds held in trust before such funds are remitted to taxing authorities, customer employees, or other third parties. We refer to this investment income as float revenue. Professional services and other revenues consist primarily of charges relating to the work performed to assist customers with the implementation of their solutions. Also included in professional services and other revenues are post-implementation professional services, purchased time clocks, and any related training services.

Our History

Ceridian was acquired in 2007 by affiliates and co-investors of Thomas H. Lee Partners, L.P. ("THL Partners") and Cannae Holdings, Inc., formerly known as Fidelity National Financial Ventures, LLC ("Cannae") (THL Partners and Cannae are together referred to as the "Sponsors"). In April 2012, Ceridian acquired Dayforce Corporation, which had built Dayforce, a cloud HCM solution. In the months following the acquisition, Dayforce founder David D. Ossip was named Chief Executive Officer of Ceridian HCM, and shortly thereafter, we generally stopped actively selling our Bureau solutions to new customers in the United States to focus our resources on expanding the Dayforce platform and growing Cloud solutions. For each quarter since September 30, 2016, our Cloud revenue has surpassed our Bureau revenue.

As part of our strategy to focus on the growth of our Cloud solutions business, we undertook the following initiatives to simplify our business model:

- (i) sold our consumer-directed benefit services business in 2013;
- (ii) merged Comdata, our payment systems business unit, with FleetCor Technologies Inc. in 2014;
- (iii) sold our benefits administration and post-employment compliance businesses in 2015;
- (iv) sold our United Kingdom and Ireland businesses and a portion of our operations that supported such businesses in the Republic of Mauritius in 2016; and
- (v) contributed our LifeWorks employee assistance program business to a joint venture, LifeWorks, in 2016, then distributed our ownership in this joint venture to a holding company owned by our stockholders in April 2018.

Our benefits administration and post-employee compliance businesses, our United Kingdom and Ireland businesses, our divested Mauritius operations, and our LifeWorks joint venture are presented as discontinued operations in our condensed consolidated financial statements. Our consumer-directed benefits services business and our benefits administration and post-employment compliance businesses are collectively referred to as our "Divested Benefits Businesses." As a result of these transactions, we operate one segment and only actively sell Dayforce and Powerpay, which we believe simplifies our business model and positions us well for continued growth.

Recent Developments

On April 30, 2018, we completed our initial public offering (“IPO”), in which we issued and sold 21,000,000 shares of common stock at a public offering price of \$22.00 per share. We granted the underwriters a 30-day option to purchase an additional 3,150,000 shares of common stock at the offering price, which was exercised in full. A total of 24,150,000 shares of common stock were issued on April 30, 2018, with gross proceeds of \$531.3 million from the IPO before deducting underwriting discounts, commissions, and other offering expenses. Immediately subsequent to the closing of our IPO on April 30, 2018, THL / Cannae Investors LLC, one of our existing stockholders controlled by our Sponsors, purchased from us in a private placement \$100.0 million of our common stock at a price per share equal to the offering price. Based on the offering price of \$22.00 per share, 4,545,455 shares were issued in this private placement. Please refer to Note 1, “Organization,” for further discussion of the IPO transaction.

We applied a portion of the net proceeds from the IPO to satisfy and to discharge the indenture governing our outstanding \$475.0 million principal amount Senior Notes, and they were redeemed on May 30, 2018. Concurrently, we also refinanced our remaining debt under our (i) \$702.0 million (original principal amount) Senior Term Debt and (ii) \$130.0 million Revolving Credit Facility, including accrued interest and related costs and expenses, with new senior credit facilities consisting of a \$680.0 million term loan debt facility and a \$300.0 million revolving credit facility. Please refer to Note 8, “Debt,” for further discussion of the debt transactions.

The IPO, private placement, and debt refinancing had the following impacts to our results of operations and cash:

	<u>Impact to Statement of Operations</u>	<u>Impact to Cash</u>
Gross proceeds from the IPO and private placement		\$ 631.3
Costs capitalized within stockholders’ equity		(36.3)
Redemption of Senior Notes		(475.0)
Debt refinancing fees, reflected as a reduction to long-term debt		(3.6)
IPO and debt refinancing related expenses reflected within results of operations:		
Cost of revenue	\$ (2.1)	
Selling, general, and administrative	(23.2)	
Impact on operating profit	\$ (25.3)	
Interest expense	(25.7)	
Impact on net loss	<u>\$ (51.0)</u>	(51.0)
Non-cash IPO-related share-based compensation expense		8.1
Non-cash interest expense adjustments		(4.9)
Cash to balance sheet from the IPO and private placement		\$ 68.6
Proceeds from issuance of the new \$680.0 million Senior Term Debt		680.0
Repayment of the \$702.0 million Senior Term Debt		<u>(657.0)</u>
Cash to balance sheet from the IPO, private placement and debt refinancing		<u>\$ 91.6</u>

Contemporaneously with the IPO and concurrent private placement, we distributed our interest in LifeWorks to a holding company owned by our existing stockholders of record prior to the IPO on a pro rata basis in accordance with their pro rata interests in us (“LifeWorks Disposition”). As a result of the LifeWorks Disposition, we no longer have any material obligations under the LifeWorks joint venture agreement. Please refer to Note 3, “Discontinued Operations,” for further discussion of the LifeWorks Disposition.

Our Business Model

Our business model focuses on supporting the rapid growth of Dayforce and maximizing the lifetime value of our Dayforce customer relationships. Due to our subscription model, where we recognize subscription revenues ratably over the term of the subscription period, and high customer retention rates, we have a high level of visibility into our future revenues. The profitability of a customer depends, in large part, on how long they have been a customer. Because in our business model, PEPM subscription fees are not charged until the customer goes live, and because we incur costs in advance of receiving PEPM revenue that are not fully offset by our implementation fees, we estimate that it takes an average of 2.5 years before we are able to recover our implementation, customer acquisition, and other direct costs on a new Dayforce customer contract. As the proportion of Dayforce customers who have been live for two or more years increases, our related profitability increases. The following sets forth the number of live Dayforce customers at the end of the last seven quarters:

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Live Dayforce customers	3,465	3,308	3,154	3,001	2,855	2,690	2,480	2,339
Dayforce customers live for two or more years	2,148	2,014	1,872	1,770	1,628	1,524	1,377	1,276
Proportion of Dayforce customers live for two or more years	62%	61%	59%	59%	57%	57%	56%	55%

Over the lifetime of the customer relationship, we have the opportunity to realize additional PEPM revenue, both as the customer grows or rolls out the Dayforce solution to additional employees, and also by selling additional functionality. We incur on-going costs to manage the account, to support customers, and to sell additional functionality. These costs, however, are significantly less than the costs initially incurred to acquire and to implement the customer.

Key Factors and Trends Affecting Our Results of Operations

Growing our Dayforce Customer Base

A key part of our strategy is to continue to grow our Dayforce customer base. As of September 30, 2018, we had more than 3,450 live Dayforce customers, an increase of approximately 610 customers as compared to the total at September 30, 2017. Our continued focus on sales execution is important to drive further penetration of the Dayforce platform and to expand our market share. We also believe that there is a significant opportunity for our solution outside of our core North American markets. Dayforce was designed as a global platform; and we intend to expand globally through both the expansion of our own proprietary payroll functionality, as well as through new and existing partnerships with local vendors, including our existing membership in the Payroll Services Alliance.

Extending Product Leadership

We are committed to delivering market-leading HCM solutions preferred by employers and employees alike. We believe that maintaining our product leadership is critical to driving further revenue growth. Our leading market position in technology is based on our ability to innovate and to bring new solutions to market. Dayforce is designed around our proprietary single application architecture, which features continuous calculation and includes a single cross-domain rules engine and a complete employee record, which facilitates new innovation. Since 2012, we have developed a full suite of HCM functionality. We intend to continue to extend the functionality and breadth of our platform in the future. We have a roadmap for continued development, which includes adding native payroll capabilities for additional countries. We intend to continue to invest in our product development and innovation to maintain our strong, differentiated technology position.

Retaining and Expanding Revenue from Existing Dayforce Customers

The economic benefits of our business model include persistent, long-lived customer relationships, as well as the opportunity to realize additional revenue from existing customers. Our annual Cloud revenue retention rate was over 95% in 2017, reflecting high retention rates with Dayforce customers, driving strong customer lifetime value. Because our subscription revenue is based on a PEPM charge, as customers grow and add more employees, we realize a corresponding increase in PEPM revenue. Moreover, with the continued launch of new functionality for our Dayforce platform, we have the opportunity to realize incremental revenue by selling additional functionality to existing customers that do not currently utilize our full platform. We believe that this opportunity is particularly strong in the enterprise segment, where customers often start with a subset of our Dayforce platform in conjunction with point solutions from other vendors that we target to replace over time.

Managing the Migration of our Bureau Customers to Dayforce

We generally stopped actively selling our Bureau solutions to new customers in the United States in 2012 and have been marketing our Dayforce platform to new and existing customers since that time. For the three months ended September 30, 2018, Bureau revenue declined by \$13.9 million, or 23.0% as compared to the three months ended September 30, 2017. Of the \$13.9 million decline in Bureau revenue for the three months ended September 30, 2018, \$5.6 million was associated with customers migrating to Dayforce, which represented 19% of the increase in Cloud revenue during this period. As the number of Bureau customers continues to decline, our results of operations will depend, in part, on replacing the revenue from Bureau customer attrition and on maintaining the profitability of services to our remaining Bureau customers. We believe that our cloud Dayforce platform is attractive to many customers that currently use an outsourced service bureau for their payroll and HCM-related needs; and, as a result, that sales to new customers and sales of additional functionality to our growing Dayforce customer base will continue to more than offset the decline in revenue from Bureau customers. We also believe that we will continue to be able to provide services to our remaining Bureau customers at attractive margins. As we migrate our Bureau customers to Dayforce, we typically experience a revenue increase from such customers driven by utilization of additional modules on the Dayforce platform.

Profitably Managing our Growth

We carefully designed and built Dayforce to meet the needs of a homogeneous market with a common set of requirements and compliance challenges across organization sizes and industries. To support our rapid growth, we have rigorously managed our implementation and customer support operations to maintain consistent, repeatable methods and processes and to take advantage of automation. We believe that our business model enables us to realize significant operating leverage and economies of scale and that we can continue to acquire, to implement, and to support more customers and to generate more revenue without a corresponding increase in expenses. Our profitability depends in part upon our ability to achieve a balance in the timing and magnitude of required investments in sales and marketing, implementation, and customer support.

How We Assess Our Performance

In assessing our performance, we consider a variety of performance indicators in addition to revenue and net income, including live Dayforce customers, Adjusted EBITDA and Adjusted EBITDA margin, which are non-U.S. GAAP financial measures.

Live Dayforce Customers

We use the number of customers live on Dayforce as an indicator of future revenue and the overall performance of the business and to assess the performance of our implementation services. We had 3,465 customers live on Dayforce as of September 30, 2018, compared to 2,855 customers live on Dayforce as of September 30, 2017. Please refer to the “Our Business Model” section above for the number of live Dayforce customers at the end of the last seven quarters.

Adjusted EBITDA

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-U.S. GAAP financial measures, are useful to management and investors as supplemental measures to evaluate our overall operating performance. Adjusted EBITDA and Adjusted EBITDA margin are components of our management incentive plan and are used by management to assess performance and to compare our operating performance to our competitors. We define Adjusted EBITDA as net income or loss before interest, taxes, depreciation, and amortization, as adjusted to exclude net income or loss from discontinued operations, sponsor management fees, non-cash charges for asset impairments, gains or losses on assets and liabilities held in a foreign currency other than the functional currency of a company subsidiary, share-based compensation expense, severance charges, restructuring consulting fees, transaction costs, and environmental reserve charges. Adjusted EBITDA margin is determined by calculating the percentage Adjusted EBITDA is of Total Revenue. Management believes that Adjusted EBITDA and Adjusted EBITDA margin are helpful in highlighting management performance trends because Adjusted EBITDA and Adjusted EBITDA margin exclude the results of decisions that are outside the normal course of our business operations. Please refer to the “Non-GAAP Measures” section below for a discussion and

reconciliation of Adjusted EBITDA and Adjusted EBITDA margin. The table below presents Adjusted EBITDA and Adjusted EBITDA margin for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Adjusted EBITDA	\$ 36.4	\$ 28.4	\$ 113.6	\$ 82.2
Adjusted EBITDA margin	20.3%	17.4%	20.8%	16.8%

Results of Operations

Three Months Ended September 30, 2018 Compared With Three Months Ended September 30, 2017

	Three Months Ended September 30,		Increase / (Decrease)		% of Revenue	
	2018	2017	Amount	%	2018	2017
(Dollars in millions)						
Revenue:						
Recurring services						
Cloud	\$ 111.2	\$ 85.9	25.3	29.5%	61.9%	52.5%
Bureau	46.0	59.7	(13.7)	(22.9)%	25.6%	36.5%
Total recurring services	157.2	145.6	11.6	8.0%	87.5%	89.1%
Professional services and other	22.4	17.9	4.5	25.1%	12.5%	10.9%
Total revenue	179.6	163.5	16.1	9.8%	100.0%	100.0%
Cost of revenue:						
Recurring services						
Cloud	35.4	31.4	4.0	12.7%	19.7%	19.2%
Bureau	13.7	17.0	(3.3)	(19.4)%	7.6%	10.4%
Total recurring services	49.1	48.4	0.7	1.4%	27.3%	29.6%
Professional services and other	32.5	34.8	(2.3)	(6.6)%	18.1%	21.3%
Product development and management	14.5	11.0	3.5	31.8%	8.1%	6.7%
Depreciation and amortization	8.5	8.0	0.5	6.3%	4.7%	4.9%
Total cost of revenue	104.6	102.2	2.4	2.3%	58.2%	62.5%
Gross profit	75.0	61.3	13.7	22.3%	41.8%	37.5%
Costs and expenses:						
Selling, general, and administrative	59.4	52.4	7.0	13.4%	33.1%	32.0%
Other expense, net	0.3	3.8	(3.5)	(92.1)%	0.2%	2.3%
Operating profit	15.3	5.1	10.2	200.0%	8.5%	3.1%
Interest expense, net	8.8	21.9	(13.1)	(59.8)%	4.9%	13.4%
Income (loss) from continuing operations before income taxes	6.5	(16.8)	23.3	138.7%	3.6%	(10.3)%
Income tax (benefit) expense	(0.9)	0.9	(1.8)	(200.0)%	(0.5)%	0.6%
Income (loss) from continuing operations	7.4	(17.7)	25.1	141.8%	4.1%	(10.8)%
Loss from discontinued operations	(3.0)	(2.9)	(0.1)	(3.4)%	(1.7)%	(1.8)%
Net income (loss)	4.4	(20.6)	25.0	121.4%	2.4%	(12.6)%
Net loss attributable to noncontrolling interest	—	(0.5)	0.5	n.m.	—	(0.3)%
Net income (loss) attributable to Ceridian	\$ 4.4	\$ (20.1)	24.5	121.9%	2.4%	(12.3)%
Adjusted EBITDA (a)	\$ 36.4	\$ 28.4	8.0	28.2%	20.3%	17.4%

(a) Please refer to the “Non-GAAP Measures” section below for a discussion and reconciliation of Adjusted EBITDA, a non-U.S. GAAP financial measure.

Revenue. The following table sets forth certain information regarding our revenues for the three months ended September 30, 2018, compared with the three months ended September 30, 2017.

	Percentage change in revenue as reported	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a)
Revenue:			
Cloud			
Recurring services	29.5%	(2.3)%	31.8%
Professional services and other	27.5%	(0.7)%	28.2%
Total Cloud revenue	29.1%	(2.1)%	31.2%
Bureau (b)	(23.0)%	(0.8)%	(22.2)%
Total revenue	9.8%	(1.6)%	11.4%

(a) We present revenue growth in a constant currency to assess how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. We calculate percentage change in revenue on a constant currency basis by applying a fixed planning rate of \$1.30 Canadian dollar to \$1.00 U.S. dollar foreign exchange rate to revenues originally booked in Canadian dollars for all applicable periods.

(b) U.S. GAAP Bureau revenue consists of \$46.0 million of Recurring services revenue and \$0.6 million of Professional services and other revenue for the three months ended September 30, 2018, compared to \$59.7 million of Recurring services revenue and \$0.8 million of Professional services and other revenue for the three months ended September 30, 2017.

Total revenue increased \$16.1 million, or 9.8%, to \$179.6 million for the three months ended September 30, 2018, compared to \$163.5 million for the three months ended September 30, 2017. This increase was primarily attributable to an increase in Cloud revenue of \$30.0 million, or 29.1%, from \$103.0 million for the three months ended September 30, 2017, to \$133.0 million for the three months ended September 30, 2018. The Cloud revenue increase was driven by an increase of \$25.3 million, or 29.5%, in Cloud recurring services revenue, and \$4.7 million, or 27.5%, in Cloud professional services and other revenue. The increase in Cloud recurring services revenue of \$25.3 million was due to \$15.2 million from new customers, add-ons, and revenue uplift from migrations of Bureau customers, net of customer losses; \$5.6 million from the migration of Bureau customers; and \$4.5 million from increased float revenue related to Cloud recurring services revenue. The increase in Cloud revenue of \$30.0 million was partially offset by a decline in Bureau revenue of \$13.9 million, or 23.0%. Excluding the impact of migrations to Dayforce, Bureau revenue declined by \$8.3 million, or 13.7%.

On a constant currency basis, total revenue grew 11.4%, reflecting a 31.2% increase in Cloud revenue, partially offset by a 22.2% decline in Bureau revenue. Cloud revenue growth reflected a 31.8% increase in Cloud recurring services revenue and a 28.2% increase in Cloud professional services and other revenue.

Cloud revenue by solution. The following table presents our Cloud revenue for both recurring and professional services and other, for both our Dayforce and Powerpay solutions for the periods presented.

	Three Months Ended September 30,		Growth rate year-over-year	Growth rate on a constant currency basis
	2018	2017	2018 vs. 2017	2018 vs. 2017
(Dollars in millions)				
Dayforce	\$ 111.7	\$ 82.3	35.7%	36.8%
PowerPay	21.3	20.7	2.9%	8.0%
Total Cloud revenue	\$ 133.0	\$ 103.0	29.1%	31.2%

Cloud revenue was \$133.0 million for the three months ended September 30, 2018, an increase of \$30.0 million, or 29.1%, compared to Cloud revenue for the three months ended September 30, 2017. Dayforce revenue increased 35.7%, and Powerpay revenue increased 2.9% for the three months ended September 30, 2018, as compared to revenues for the three months ended September 30, 2017. On a constant currency basis, Dayforce revenue increased 36.8%, and Powerpay revenue increased 8.0% for the three months ended September 30, 2018. Customer migrations to Dayforce from our Bureau solutions accounted for \$5.6 million, or 19%, of the total increase in Cloud revenue for the three months ended September 30, 2018, as compared to \$6.7 million, or 25%, of total Cloud revenue for the three months ended September 30, 2017.

Float revenue. Investment income from invested customer trust funds included in revenue was \$15.8 million and \$11.6 million for the three months ended September 30, 2018 and 2017, respectively. The average float balance for our customer trust funds for the three months ended September 30, 2018, was \$ 2,965.9 million, compared to \$ 2,942.5 million for the three months ended September 30, 2017. The average yield was 2.11 % during the three months ended September 30, 2018, an increase of 55 basis points compared to the average yield in the three months ended September 30, 2017. For the three months ended September 30, 2018, approximately 40% of our average float balance consisted of Canadian customer trust funds, compared to approximately 41 % for the three months ended September 30, 2017. Based on current market conditions, portfolio composition and investment practices, a 100 basis point increase in market investment rates would result in approximately \$17 million of increased float revenue over the ensuing twelve month period.

Cost of revenue. Total cost of revenue for the three months ended September 30, 2018, was \$104.6 million, an increase of \$2.4 million, or 2.3%, compared to the three months ended September 30, 2017.

Recurring services cost of revenue increased by \$0.7 million for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, due to additional costs incurred to support the growing Dayforce customer base, partially offset by reductions in Bureau costs.

The reduction in cost of revenue for professional services and other of \$2.3 million for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, was primarily due to productivity improvements in implementing new customers, reflecting the increased experience of our implementation consultants and the continued use of automation in our implementation processes.

In accordance with ASC 350, we are required to capitalize certain software development costs. Please refer to Note 2, “Summary of Significant Accounting Policies,” for further discussion of our accounting policy for internally developed software costs. Costs related to software development activities that do not qualify for capitalization, such as development, quality assurance, testing of new technologies, enhancements to our existing solutions that do not result in additional functionality, and costs related to the management of our solutions are presented as product development and management expense. The increase in product development and management expense of \$3.5 million for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, reflected increases in Dayforce product development efforts. For the three months ended September 30, 2018 and 2017, our investment in software development was \$14.4 million and \$11.5 million, respectively, consisting of \$7.5 million and \$4.4 million, of research and development expense, which is included within product development and management expense, and \$6.9 million and \$7.1 million in capitalized software development, respectively.

Depreciation and amortization expense associated with cost of revenue increased by \$0.5 million for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, as we continue to capitalize Dayforce related and other development costs and subsequently amortize those costs.

The table below presents total gross margin and solution gross margins for the periods presented:

	Three Months Ended September 30,	
	2018	2017
Total gross margin	41.8%	37.5%
Gross margin by solution:		
Cloud recurring services	68.2%	63.4%
Bureau recurring services	70.2%	71.5%
Professional services and other	(45.1)%	(94.4)%

Total gross margin is defined as total gross profit as a percentage of total revenue, inclusive of product development and management costs as well as depreciation and amortization associated with cost of revenue. Gross margin for each solution in the table above is defined as total revenue less cost of revenue for the applicable solution as a percentage of total revenue for that related solution, exclusive of any product development and management or depreciation and amortization cost allocations.

The overall 9.8% increase in revenue outpaced the 2.3% increase in cost of revenue, and gross profit increased by \$13.7 million, or 22.3% , as we continued to leverage our investment in people and processes to realize economies of scale.

Cloud recurring services gross margin was 68.2% for the three months ended September 30, 2018, compared to 63.4% for the three months ended September 30, 2017. The increase in Cloud recurring services gross margin reflects an increase in the proportion of Dayforce customers live for more than two years, which increased from 57% as of September 30, 2017 to 62% as of September 30, 2018, and was also attributable to consistent configuration that enabled us to realize economies of scale in customer support and hosting costs. Professional services and other gross margin was (45.1)% for the three months ended September 30, 2018, improving from (94.4)% for the three months ended September 30, 2017, reflecting an increase in profitable post go-live professional services and productivity improvements in implementing new customers.

Selling, general, and administrative expense. Selling, general, and administrative expense increased \$7.0 million for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, reflecting increases in sales and marketing expense, and increased costs associated with being a public company.

Other expense, net. For the three months ended September 30, 2018 we incurred \$0.3 of other expense, net compared to \$3.8 for the three months ended September 30, 2017. The other expense, net for the three months ended September 30, 2017, was primarily related to a foreign currency remeasurement loss on an intercompany payable of a U.S. subsidiary denominated in Canadian dollars. This intercompany payable was repaid in the second quarter of 2018.

Operating profit. Operating profit increased \$10.2 million, to \$15.3 million for the three months ended September 30, 2018, compared to \$5.1 million for the three months ended September 30, 2017.

Interest expense. Interest expense for the three months ended September 30, 2018, was \$8.8 million, compared to \$21.9 million for the three months ended September 30, 2017. This reduction is due to the extinguishment of the Senior Notes during the second quarter of 2018. A 100 basis point increase in LIBOR rates would result in an approximately \$7 million increase in our interest expense over the ensuing twelve-month period. Please refer to Note 8, "Debt," for additional information.

Income tax expense. For the three months ended September 30, 2018 and 2017, we realized an income tax benefit of \$0.9 million and an income tax expense of \$0.9 million, respectively. The \$1.8 reduction in tax expense was primarily due to a tax benefit of \$2.4 million from U.S. operations, which was partially offset by an increase in tax expense from foreign operations of \$0.7 million.

Loss from discontinued operations. As a result of the LifeWorks Disposition, the financial results of the LifeWorks business have been included within discontinued operations for all periods presented. For the three months ended September 30, 2018, and 2017 the loss from discontinued operations was \$3.0 million and \$2.9 million, respectively, primarily related to income tax expense attributable to LifeWorks.

Net income (loss) attributable to Ceridian. Net income attributable to Ceridian was \$4.4 million for the three months ended September 30, 2018, compared to a net loss of \$20.1 million for the three months ended September 30, 2017.

Adjusted EBITDA. Adjusted EBITDA increased by \$8.0 million, for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, and Adjusted EBITDA margin increased to 20.3% in 2018 from 17.4% in 2017.

Nine Months Ended September 30, 2018 Compared With Nine Months Ended September 30, 2017

	Nine Months Ended September 30,		Increase / (Decrease)		% of Revenue	
	2018	2017	Amount	%	2018	2017
(Dollars in millions)						
Revenue:						
Recurring services						
Cloud	\$ 322.9	\$ 240.8	82.1	34.1%	59.1%	49.3%
Bureau	157.9	197.4	(39.5)	(20.0)%	28.9%	40.4%
Total recurring services	480.8	438.2	42.6	9.7%	88.0%	89.7%
Professional services and other	65.3	50.2	15.1	30.1%	12.0%	10.3%
Total revenue	546.1	488.4	57.7	11.8%	100.0%	100.0%
Cost of revenue:						
Recurring services						
Cloud	102.6	90.5	12.1	13.4%	18.8%	18.5%
Bureau	46.7	55.3	(8.6)	(15.6)%	8.6%	11.3%
Total recurring services	149.3	145.8	3.5	2.4%	27.3%	29.9%
Professional services and other	98.7	102.8	(4.1)	(4.0)%	18.1%	21.0%
Product development and management	43.3	31.8	11.5	36.2%	7.9%	6.5%
Depreciation and amortization	25.7	23.2	2.5	10.8%	4.7%	4.8%
Total cost of revenue	317.0	303.6	13.4	4.4%	58.0%	62.2%
Gross profit	229.1	184.8	44.3	24.0%	42.0%	37.8%
Costs and expenses:						
Selling, general, and administrative	200.3	161.0	39.3	24.4%	36.7%	33.0%
Other (income) expense, net	(2.5)	6.9	(9.4)	(136.2)%	(0.5)%	1.4%
Operating profit	31.3	16.9	14.4	85.2%	5.7%	3.5%
Interest expense, net	74.4	65.3	9.1	13.9%	13.6%	13.4%
Loss from continuing operations before income taxes	(43.1)	(48.4)	5.3	11.0%	(7.9)%	(9.9)%
Income tax expense	5.8	3.8	2.0	52.6%	1.1%	0.8%
Loss from continuing operations	(48.9)	(52.2)	3.3	6.3%	(9.0)%	(10.7)%
Loss from discontinued operations	(14.8)	(2.4)	(12.4)	(516.7)%	(2.7)%	(0.5)%
Net loss	(63.7)	(54.6)	(9.1)	(16.7)%	(11.7)%	(11.2)%
Net loss attributable to noncontrolling interest	(0.5)	(0.4)	(0.1)	n.m.	(0.1)%	(0.1)%
Net loss attributable to Ceridian	\$ (63.2)	\$ (54.2)	(9.0)	(16.6)%	(11.6)%	(11.1)%
Adjusted EBITDA (a)	\$ 113.6	\$ 82.2	31.4	38.2%	20.8%	16.8%

(a) Please refer to the "Non-GAAP Measures" section below for a discussion and reconciliation of Adjusted EBITDA, a non-U.S. GAAP financial measure.

Revenue. The following table sets forth certain information regarding our revenues for the nine months ended September 30, 2018, compared with the nine months ended September 30, 2017.

	Percentage change in revenue as reported	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a)
Revenue:			
Cloud			
Recurring services	34.1%	0.5%	33.6%
Professional services and other	33.7%	2.0%	31.7%
Total Cloud revenue	34.0%	0.7%	33.3%
Bureau (b)	(20.1)%	0.3%	(20.4)%
Total revenue	11.8%	0.5%	11.3%

- (a) We present revenue growth in a constant currency to assess how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. We calculate percentage change in revenue on a constant currency basis by applying a fixed planning rate of \$1.30 Canadian dollar to \$1.00 U.S. dollar foreign exchange rate to revenues originally booked in Canadian dollars for all applicable periods.
- (b) U.S. GAAP Bureau revenue consists of \$157.9 million of Recurring services revenue and \$2.2 million of Professional services and other revenue for the nine months ended September 30, 2018, compared to \$197.4 million of Recurring services revenue and \$3.0 million of Professional services and other revenue for the nine months ended September 30, 2017.

Total revenue increased \$57.7 million, or 11.8%, to \$546.1 million for the nine months ended September 30, 2018, compared to \$488.4 million for the nine months ended September 30, 2017. This increase was primarily attributable to an increase in Cloud revenue of \$98.0 million, or 34.0%, from \$288.0 million for the nine months ended September 30, 2017, to \$386.0 million for the nine months ended September 30, 2018. The Cloud revenue increase was driven by an increase of \$82.1 million, or 34.1%, in Cloud recurring services revenue, and \$15.9 million, or 33.7%, in Cloud professional services and other revenue. The increase in Cloud recurring services revenue of \$82.1 million was due to \$49.2 million from new customers, add-ons, and revenue uplift from migrations of Bureau customers, net of customer losses; \$17.8 million from the migration of Bureau customers; and \$15.1 million from increased float revenue related to Cloud recurring services revenue. The increase in Cloud revenue of \$98.0 million was partially offset by a decline in Bureau revenue of \$40.3 million, or 20.1%. Excluding the impact of migrations to Dayforce, Bureau revenue declined by \$22.5 million, or 11.2%.

On a constant currency basis, total revenue grew 11.3%, reflecting a 33.3% increase in Cloud revenue, partially offset by a 20.4% decline in Bureau revenue. Cloud revenue growth reflected a 33.6% increase in Cloud recurring services revenue and a 31.7% increase in Cloud professional services and other revenue.

Cloud revenue by solution. The following table presents our Cloud revenue for both recurring and professional services and other, for both our Dayforce and Powerpay solutions for the periods presented.

	Nine Months Ended September 30,		Growth rate year-over-year	Growth rate on a constant currency basis
	2018	2017	2018 vs. 2017	2018 vs. 2017
(Dollars in millions)				
Dayforce	\$ 320.4	\$ 228.6	40.2%	39.7%
PowerPay	65.6	59.4	10.4%	8.7%
Total Cloud revenue	\$ 386.0	\$ 288.0	34.0%	33.3%

Cloud revenue was \$386.0 million for the nine months ended September 30, 2018, an increase of \$98.0 million, or 34.0%, compared to cloud revenue for the nine months ended September 30, 2017. Dayforce revenue increased 40.2%, and Powerpay revenue increased 10.4% for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017. On a constant currency basis, Dayforce revenue increased 39.7%, and Powerpay revenue increased 8.7% for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017. Customer migrations to Dayforce from our Bureau solutions accounted for \$17.8 million, or 18%, of the total increase in Cloud revenue for the nine months ended September 30, 2018, as compared to \$21.2 million, or 27%, of total Cloud revenue for the nine months ended September 30, 2017.

Float revenue. Investment income from invested customer trust funds included in revenue was \$49.6 million and \$34.2 million for the nine months ended September 30, 2018, and 2017, respectively. The average float balance for our customer trust funds for the nine months ended September 30, 2018, was \$3,457.5 million, compared to \$3,309.8 million for the nine months ended September 30, 2017. The average yield was 1.92% during the nine months ended September 30, 2018, an increase of 53 basis points compared to the average yield in the nine months ended September 30, 2017. For the nine months ended September 30, 2018, approximately 37% of our average float balance consisted of Canadian customer trust funds, compared to approximately 36% for the nine months ended September 30, 2017. Based on current market conditions, portfolio composition and investment practices, a 100 basis point increase in market investment rates would result in approximately \$17 million of increased float revenue over the ensuing twelve month period.

Cost of revenue. Total cost of revenue for the nine months ended September 30, 2018, was \$317.0 million, an increase of \$13.4 million, or 4.4%, compared to the nine months ended September 30, 2017.

Recurring services cost of revenue increased by \$3.5 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, due to additional costs incurred to support the growing Dayforce customer base, partially offset by reductions in Bureau costs.

The reduction in cost of revenue for professional services and other of \$4.1 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, was primarily due to productivity improvements in implementing new customers, reflecting the increased experience of our implementation consultants and the continued use of automation in our implementation processes.

In accordance with ASC 350, we are required to capitalize certain software development costs. Please refer to Note 2, “Summary of Significant Accounting Policies,” for further discussion of our accounting policy for internally developed software costs. Costs related to software development activities that do not qualify for capitalization, such as development, quality assurance, testing of new technologies, enhancements to our existing solutions that do not result in additional functionality, and costs related to the management of our solutions are presented as product development and management expense. The increase in product development and management expense of \$11.5 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, reflected increases in Dayforce product development efforts. For the nine months ended September 30, 2018 and 2017, our investment in software development was \$40.9 million and \$32.7 million, respectively, consisting of \$21.5 million and \$13.7 million, of research and development expense, which is included within product development and management expense, and \$19.4 million and \$19.0 million in capitalized software development, respectively.

Depreciation and amortization expense associated with cost of revenue increased by \$2.5 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, as we continue to capitalize Dayforce related and other development costs and subsequently amortize those costs.

The table below presents total gross margin and solution gross margins for the periods presented:

	Nine Months Ended September 30,	
	2018	2017
Total gross margin	42.0%	37.8%
Gross margin by solution:		
Cloud recurring services	68.2%	62.4%
Bureau recurring services	70.4%	72.0%
Professional services and other	(51.1)%	(104.8)%

Total gross margin is defined as total gross profit as a percentage of total revenue, inclusive of product development and management costs as well as depreciation and amortization associated with cost of revenue. Gross margin for each solution in the table above is defined as total revenue less cost of revenue for the applicable solution as a percentage of total revenue for that related solution, exclusive of any product development and management or depreciation and amortization cost allocations.

The overall 11.8% increase in revenue outpaced the 4.4% increase in cost of revenue, and gross profit increased by \$44.3 million, or 24.0%, as we continued to leverage our investment in people and processes to realize economies of scale.

Cloud recurring services gross margin was 68.2% for the nine months ended September 30, 2018, compared to 62.4% for the nine months ended September 30, 2017. The increase in Cloud recurring services gross margin reflects an increase in the proportion of Dayforce customers live for more than two years, which increased from 57% as of September 30, 2017 to 62% as of September 30, 2018, and was also attributable to consistent configuration that enabled us to realize economies of scale in customer support and hosting costs. Professional services and other gross margin was (51.1)% for the nine months ended September 30, 2018, improving from (104.8)% for the nine months ended September 30, 2017, reflecting an increase in profitable post go-live professional services and productivity improvements in implementing new customers.

Selling, general, and administrative expense. Selling, general, and administrative expense increased \$39.3 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017. Of the total \$39.3 million increase, \$23.2 million was attributable to expenses associated with our IPO and debt refinancing, including \$11.3 million in sponsor management termination fees, \$6.0 million in IPO-related share-based compensation expense, \$3.7 million in other IPO transaction costs, and \$2.2 million in restructuring consulting expenses. Excluding IPO-related items, selling, general, and administrative expense increased \$16.1 million, primarily due to sales and marketing expense, employee benefit related costs, and increased costs associated with being a public company.

Other (income) expense, net. For the nine months ended September 30, 2018, we generated \$2.5 million of other income, net, compared to \$6.9 million of other expense, net, for the nine months ended September 30, 2017. The other income and expense, net, for the nine months ended September 30, 2018 and 2017, respectively, were primarily related to remeasurement gains and losses on intercompany receivables or payables denominated in foreign currencies.

Operating profit. Operating profit increased \$14.4 million, to \$31.3 million for the nine months ended September 30, 2018, from \$16.9 million for the nine months ended September 30, 2017. Excluding the impact of IPO-related expenses, operating profit would have been \$54.5 million for the nine months ended September 30, 2018.

Interest expense. Interest expense for the nine months ended September 30, 2018, was \$74.4 million, compared to \$65.3 million for the nine months ended September 30, 2017. This increase was primarily due to the refinancing of our debt, which resulted in a loss on extinguishment of debt of \$25.7 million, partially offset by a reduction in interest expense of \$17.6 million upon extinguishment of the Senior Notes in April 2018, which represented four fewer months of interest on the Senior Notes as compared to the prior year. A 100 basis point increase in LIBOR rates would result in an approximately \$7 million increase in our interest expense over the ensuing twelve-month period. Please refer to Note 8, "Debt," for additional information.

Income tax expense. For the nine months ended September 30, 2018 and 2017, we incurred income tax expense of \$5.8 million and \$3.8 million, respectively. The \$2.0 million increase in tax expense was primarily due to the transitional impact of the 2017 U.S. Tax Reform legislation.

Loss from discontinued operations. As a result of the LifeWorks Disposition, the financial results of the LifeWorks business have been included within discontinued operations for all periods presented. For the nine months ended September 30, 2018, loss from discontinued operations was \$14.8 million, compared to \$2.4 for the nine months ended September 30, 2017. The loss from discontinued operations for the nine months ended September 30, 2018, is primarily related to income tax expense incurred as a result of the LifeWorks Disposition.

Net loss attributable to Ceridian. Net loss attributable to Ceridian was \$63.2 million for the nine months ended September 30, 2018, compared to \$54.2 million for the nine months ended September 30, 2017, primarily due to \$51.0 million of expenses incurred related to our IPO and debt refinancing transactions, partially offset by an increase in gross profit. Please refer to the "Recent Developments" section above for additional information on the financial statement impacts of our IPO and debt refinancing transactions.

Adjusted EBITDA. Adjusted EBITDA increased by \$31.4 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, and Adjusted EBITDA margin increased to 20.8% in 2018 from 16.8% in 2017.

Liquidity and Capital Resources

Our primary sources of liquidity are our existing cash and equivalents, cash provided by operating activities, borrowings under our credit facilities, and proceeds from equity offerings. As of September 30, 2018, we had cash and equivalents of \$188.0 million and availability under our revolving credit facility of \$300.0 million. No cash amounts were drawn on the revolving credit facility as of September 30, 2018. Our total debt was \$680.0 million as of September 30, 2018. Please refer to Note 8, "Debt," to our condensed consolidated financial statements, for further information on our debt.

Our primary liquidity needs are related to funding of general business requirements, including the payment of interest and principal on our debt, working capital, capital expenditures, pension contributions, and product development.

Concurrently with the closing of the IPO and the concurrent private placement on April 30, 2018, we applied a portion of the net proceeds of the IPO and the concurrent private placement to satisfy and to discharge the indenture governing our outstanding \$475.0 million principal amount Senior Notes, and they were redeemed on May 30, 2018. We also refinanced our remaining debt under our (i) \$702.0 million (original principal amount) Senior Term Debt and (ii) \$130.0 million Revolving Credit Facility, accrued interest and related costs and expenses, with new senior credit facilities consisting of a \$680.0 million term loan debt facility and a \$300.0 million revolving credit facility.

Our customer trust funds are held and invested with the primary objectives being to ensure adequate liquidity to meet cash flow requirements and to protect the principal balance. In accordance with these objectives, we maintain approximately 46% of customer trust funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, or collateralized short-term investments; and we maintain approximately 54% of customer trust funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of U.S. Treasury and agency securities, Canada government and provincial securities, as well as highly rated asset-backed, mortgage-backed, municipal, corporate and bank securities. To maintain sufficient liquidity in the trust to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing. The assets held in trust are intended for the specific purpose of satisfying client fund obligations and therefore are not freely available for our general business use.

We believe that our cash flow from operations, availability under our revolving credit facility, and available cash and equivalents will be sufficient to meet our liquidity needs for the foreseeable future. We anticipate that to the extent that we require additional liquidity, it will be funded through the issuance of equity, the incurrence of additional debt, or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and to fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available from additional debt or otherwise to meet our liquidity needs. Although we have no specific current plans to do so, if we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions, which would result in additional expenses or dilution.

Statements of Cash Flows

The following table provides a summary of cash flows from operating, investing, and financing activities for the periods presented.

	Nine Months Ended September 30,	
	2018	2017
	(Dollars in millions)	
Net cash flows		
Net cash used in operating activities - continuing operations	\$ (14.8)	\$ (59.1)
Net cash provided by investing activities - continuing operations	594.5	247.6
Net cash used in financing activities	(481.6)	(228.1)
Net cash flows used in discontinued operations	(3.3)	(5.8)
Effect of exchange rate on cash	(1.5)	9.0
Net cash flows provided (used)	93.3	(36.4)
Cash and equivalents at end of period	\$ 188.0	\$ 85.0
Net cash flows of customer trust funds		
Net cash provided by investing activities - continuing operations	\$ 623.2	\$ 278.8
Net cash used in financing activities - continuing operations	(623.2)	(278.8)
Net cash flows provided by customer trust funds - continuing operations	\$ —	\$ —

Changes in cash flows due to purchases of customer trust fund marketable securities, proceeds from the sale or maturity of customer trust fund marketable securities, and the net increase (decrease) of restricted cash held to satisfy customer trust fund obligations are primarily due to the timing of funds collected from customers and payments made to satisfy customer obligations. Customer trust fund cash flows are significantly affected by the period end day of the week relative to customer payment cycles. The customer trust funds are fully segregated from our operating cash accounts and are evaluated and tracked separately by management. Therefore, to provide meaningful information to the readers, the following discussion excludes customer trust funds.

Operating Activities

Net cash used in operating activities from continuing operations of \$14.8 million during the nine months ended September 30, 2018, was primarily attributable to a net loss from continuing operations of \$48.9 million and a net reduction in cash as a result of changes in working capital of \$46.0 million, partially offset by certain non-cash items, primarily \$42.4 million of depreciation and amortization, a \$25.7 million loss on extinguishment of debt -- primarily attributable to a call premium and debt issuance costs -- and \$18.0 million of non-cash share-based compensation expense. The net \$46.0 million change in working capital included reductions of \$27.7 million in liabilities for employee compensation and benefits, primarily due to payments of accrued incentive compensation and pension contributions, and reductions of \$15.5 million in liabilities for accrued interest, associated with our debt refinancing. Included within net cash flows used in operating activities for the nine months ended September 30, 2018, was \$64.4 million in cash interest payments on our long-term debt, \$18.5 million in pension payments, and \$17.7 million in cash taxes.

Net cash used in operating activities from continuing operations of \$59.1 million during the nine months ended September 30, 2017, was primarily attributable to a net reduction in cash as a result of changes in working capital of \$56.6 million and a net loss from continuing operations of \$52.2 million, partially offset by certain non-cash items, primarily \$39.7 million of depreciation and amortization and \$12.8 million of share-based compensation expense. The net \$56.6 million change in working capital included reductions of \$33.4 million in liabilities for employee compensation and benefits, primarily due to payments of accrued incentive compensation and pension contributions, reductions of \$17.5 million in liabilities for accrued interest, and reductions of \$10.3 million in liabilities for accrued taxes.

Investing Activities

During the nine months ended September 30, 2018, net cash used in investing activities from continuing operations, excluding customer trust fund activity, was \$28.7 million, related to capital expenditures. Our capital expenditures included \$21.9 million for software and technology and \$6.8 million for property and equipment.

During the nine months ended September 30, 2017, net cash used in investing activities from continuing operations, excluding customer trust fund activity, was \$31.2 million, primarily related to capital expenditures, partially offset by net proceeds from divestitures of \$0.9 million. Our capital expenditures included \$22.5 million for software and technology and \$9.6 million for property and equipment.

Financing Activities

Net cash provided by financing activities from continuing operations, excluding the change in customer trust fund obligations, was \$141.6 million during the nine months ended September 30, 2018. This cash inflow is primarily attributable to the net proceeds received from our IPO and concurrent private placement of \$595.0 million, a net increase in the principal of our term loan of \$23.0 million, and proceeds from the issuance of common stock upon exercise of stock options of \$22.2 million, partially offset by payment to redeem our Senior Notes of \$475.0 million and payment of debt refinancing costs of \$23.3 million.

Net cash provided in financing activities from continuing operations, excluding the change in customer trust fund obligations, was \$50.7 million during the nine months ended September 30, 2017, primarily related to the funding of the remaining \$75.2 million from the issuance of our senior convertible preferred stock and a \$25.9 million payment made on the 2014 Term Debt.

Cash Flows from Discontinued Operations

During the nine months ended September 30, 2018, net cash used in discontinued operations was \$3.3 million. During the nine months ended September 30, 2017, net cash used in discontinued operations was \$5.8 million. The net cash used in discontinued operations for both periods was primarily related to changes in working capital.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in the “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Critical Accounting Policies and Estimates” contained in our 2017 Annual Report. For discussion of recently issued and adopted accounting pronouncements, please refer to Note 2, “Summary of Significant Accounting Policies,” to our condensed consolidated financial statements included herein.

Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-U.S. GAAP financial measures, are useful to management and investors as supplemental measures to evaluate our overall operating performance. Adjusted EBITDA and Adjusted EBITDA margin are components of our management incentive plan and are used by management to assess performance and to compare our operating performance to our competitors. We define Adjusted EBITDA as net income or loss before interest, taxes, depreciation, and amortization, as adjusted to exclude net income or loss from discontinued operations, sponsor management fees, non-cash charges for asset impairments, gains or losses on assets and liabilities held in a foreign currency other than the functional currency of a company subsidiary, share-based compensation expense, severance charges, restructuring consulting fees, transaction costs, and environmental reserve charges. Adjusted EBITDA margin is determined by calculating the percentage Adjusted EBITDA is of Total Revenue. Management believes that Adjusted EBITDA and Adjusted EBITDA margin are helpful in highlighting management performance trends because Adjusted EBITDA and Adjusted EBITDA margin exclude the results of decisions that are outside the control of operating management.

Our presentation of Adjusted EBITDA and Adjusted EBITDA margin are intended as supplemental measures of our performance that are not required by, or presented in accordance with, U.S. GAAP. Adjusted EBITDA and Adjusted EBITDA margin should not be considered as alternatives to operating profit (loss), net income (loss), earnings per share, or any other performance measures derived in accordance with U.S. GAAP, or as measures of operating cash flows or liquidity. Our presentation of Adjusted EBITDA and Adjusted EBITDA margin should not be construed to imply that our future results will be unaffected by these items. Adjusted EBITDA and Adjusted EBITDA margin are included in this discussion because they are key metrics used by management to assess our operating performance.

Adjusted EBITDA and Adjusted EBITDA margin are not defined under U.S. GAAP, are not measures of net income, operating income, or any other performance measures derived in accordance with U.S. GAAP, and are subject to important limitations. Our use of the terms Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies in our industry and are not measures of performance calculated in accordance with U.S. GAAP.

Adjusted EBITDA and Adjusted EBITDA margin have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Adjusted EBITDA and Adjusted EBITDA margin do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect any charges for the assets being depreciated and amortized that may need to be replaced in the future;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect the impact of share-based compensation upon our results of operations;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt; and
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect our income tax expense or the cash requirements to pay our income taxes.

In evaluating Adjusted EBITDA and Adjusted EBITDA margin, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation.

The following table reconciles operating profit to Adjusted EBITDA for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Dollars in millions)			
Operating profit	\$ 15.3	\$ 5.1	\$ 31.3	\$ 16.9
Depreciation and amortization	14.3	13.6	42.4	39.7
EBITDA from continuing operations (1)	29.6	18.7	73.7	56.6
Sponsorship management fees (2)	—	0.5	12.0	1.5
Intercompany foreign exchange loss (gain)	0.3	4.1	(2.5)	7.0
Share-based compensation (3)	4.8	4.3	19.5	12.8
Severance charges (4)	1.1	0.8	4.1	4.3
Restructuring consulting fees (5)	0.6	—	3.1	—
IPO transaction costs (6)	—	—	3.7	—
Adjusted EBITDA	\$ 36.4	\$ 28.4	\$ 113.6	\$ 82.2
Adjusted EBITDA margin	20.3%	17.4%	20.8%	16.8%

- (1) We define EBITDA from continuing operations as net income or loss before interest, taxes, depreciation and amortization, and net income or loss from discontinued operations.
- (2) Represents expenses related to our management, monitoring, consulting, transaction, and advisory fees and related expenses paid to the affiliates of our Sponsors pursuant to the management agreement with THL Managers VI, LLC (“THLM”) and Cannae. In April 2018, the management agreements terminated upon consummation of our IPO. Upon termination, the management agreements provided that we pay a termination fee equal to the net present value of the management fee for a seven-year period, which was \$11.3 million. See Note 15 to our condensed consolidated financial statements, “Related Party Transactions,” for further information.
- (3) Share-based compensation expense during the nine months ended September 30, 2018 includes \$8.1 million of expense recognized upon meeting the performance criteria of all stock appreciation rights and performance-based stock options, which were triggered by our IPO, resulting in the vesting of all stock appreciation rights and performance-based stock options, as well as the vesting of certain stock options which accelerated upon IPO.
- (4) Represents costs for severance compensation paid to employees whose positions have been eliminated, resulting primarily from the shift of business from our Bureau solutions to our Cloud solutions.
- (5) Represents consulting fees and expenses incurred during the periods presented in connection with any acquisition, investment, disposition, recapitalization, equity offering, issuance or repayment of debt, issuance of equity interests, or refinancing.
- (6) Represents expenses related to the IPO and refinancing of our debt, that were not eligible for capitalization.

The following tables present a reconciliation of our reported results to our non-U.S. GAAP Adjusted EBITDA basis for all periods presented:

	Three Months Ended September 30, 2018				
	As Reported	Share-based compensation	Severance charges	Other operating expenses (1)	Adjusted
	(Dollars in millions)				
Cost of revenue:					
Recurring services	\$ 49.1	\$ 0.3	\$ 0.3	\$ —	\$ 48.5
Professional services and other	32.5	0.2	0.1	—	32.2
Product development and management	14.5	0.3	—	—	14.2
Depreciation and amortization	8.5	—	—	—	8.5
Total cost of revenue	104.6	0.8	0.4	—	103.4
Sales and marketing	29.7	0.7	—	—	29.0
General and administrative	29.7	3.3	0.7	0.6	25.1
Other expense, net	0.3	—	—	0.3	—
Operating profit	15.3	4.8	1.1	0.9	22.1
Depreciation and amortization	14.3	—	—	—	14.3
EBITDA from continuing operations	\$ 29.6	\$ 4.8	\$ 1.1	\$ 0.9	\$ 36.4

- (1) Other operating expenses includes intercompany foreign exchange loss (gain), and restructuring consulting fees.

Three Months Ended September 30, 2017

	As Reported	Share-based compensation	Severance charges	Other operating expenses (1)	Adjusted
(Dollars in millions)					
Cost of revenue:					
Recurring services	\$ 48.4	\$ 0.3	\$ 0.2	\$ —	\$ 47.9
Professional services and other	34.8	0.3	0.3	—	34.2
Product development and management	11.0	0.2	0.1	—	10.7
Depreciation and amortization	8.0	—	—	—	8.0
Total cost of revenue	102.2	0.8	0.6	—	100.8
Sales and marketing	27.0	0.5	0.2	—	26.3
General and administrative	25.4	3.0	—	0.5	21.9
Other expense (income), net	3.8	—	—	4.1	(0.3)
Operating profit	5.1	4.3	0.8	4.6	14.8
Depreciation and amortization	13.6	—	—	—	13.6
EBITDA from continuing operations	\$ 18.7	\$ 4.3	\$ 0.8	\$ 4.6	\$ 28.4

(1) Other operating expenses includes sponsor management fees, intercompany foreign exchange loss (gain), and restructuring consulting fees.

Nine Months Ended September 30, 2018

	As Reported	Share-based compensation	Severance charges	Other operating expenses (1)	Adjusted
(Dollars in millions)					
Cost of revenue:					
Recurring services	\$ 149.3	\$ 1.7	\$ 1.1	\$ —	\$ 146.5
Professional services and other	98.7	1.0	0.7	—	97.0
Product development and management	43.3	0.9	0.1	—	42.3
Depreciation and amortization	25.7	—	—	—	25.7
Total cost of revenue	317.0	3.6	1.9	—	311.5
Sales and marketing	92.3	3.5	1.0	—	87.8
General and administrative	108.0	12.4	1.2	18.8	75.6
Other income, net	(2.5)	—	—	(2.5)	—
Operating profit	31.3	19.5	4.1	16.3	71.2
Depreciation and amortization	42.4	—	—	—	42.4
EBITDA from continuing operations	\$ 73.7	\$ 19.5	\$ 4.1	\$ 16.3	\$ 113.6

(1) Other operating expenses includes sponsor management fees, intercompany foreign exchange loss (gain), restructuring consulting fees, and IPO transaction costs.

Nine Months Ended September 30, 2017

	As Reported	Share-based compensation	Severance charges	Other operating expenses (1)	Adjusted
(Dollars in millions)					
Cost of revenue:					
Recurring services	\$ 145.8	\$ 0.8	\$ 1.7	\$ —	\$ 143.3
Professional services and other	102.8	0.9	0.8	—	101.1
Product development and management	31.8	0.6	0.6	—	30.6
Depreciation and amortization	23.2	—	—	—	23.2
Total cost of revenue	303.6	2.3	3.1	—	298.2
Sales and marketing	81.7	1.3	0.7	—	79.7
General and administrative	79.3	9.2	0.5	1.5	68.1
Other expense (income), net	6.9	—	—	7.0	(0.1)
Operating profit	16.9	12.8	4.3	8.5	42.5
Depreciation and amortization	39.7	—	—	—	39.7
EBITDA from continuing operations	\$ 56.6	\$ 12.8	\$ 4.3	\$ 8.5	\$ 82.2

- (1) Other operating expenses includes sponsor management fees, intercompany foreign exchange loss (gain), and restructuring consulting fees.

Off-Balance Sheet Arrangements

We do not and, as of September 30, 2018, we did not, have any off-balance sheet arrangements (as that term is defined in applicable SEC rules) that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Forward-Looking Statements

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations and the following Quantitative and Qualitative Disclosures about Market Risk contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). These forward-looking statements represent our expectations or beliefs, including, but not limited to, our expectations concerning our operations and financial performance and condition. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "assumes," "projects," "could," "may," "will," "should," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Our actual results could differ materially from those contained in the forward-looking statements due to risks and uncertainties associated with fluctuations in our quarterly operating results, concentration of our product offerings, development risks involved with new products and technologies, competition, our contractual relationships with third parties, contract renewals with business partners, compliance by our customers with the terms of their contracts with us, and other factors disclosed in our filings with the SEC. Other factors that may cause such differences include, but are not limited to, those discussed in this Form 10-Q and the Prospectus, including the risk factors set forth in "Risk Factors" of the Prospectus. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the terms of our debt. These risks and uncertainties should be considered in evaluating any forward-looking statements contained herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to foreign currency exchange rates, interest rates, and pension obligations. We seek to minimize or to manage these market risks through normal operating and financing activities. We do not trade or use instruments with the objective of earning financial gains on the market fluctuations, nor do we use instruments where there are not underlying exposures.

Foreign Currency Risk . Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian Dollar. Due to the relative size of our international operations to date, we have not instituted an active hedging program. We expect our international operations to continue to grow in the near term, and we are monitoring the foreign currency exposure to determine if we should begin a hedging program.

Interest Rate Risk . In connection with our U.S. and Canadian payroll and tax filing services, we collect funds for payment of payroll and taxes; temporarily hold such funds in trust until payment is due; remit the funds to the customers' employees and appropriate taxing authority; file federal, state and local tax returns; and handle related regulatory correspondence and amendments. We invest the U.S. customer trust funds primarily in high-quality bank deposits, money market mutual funds, or collateralized short-term investments. We may also invest these funds in U.S. Treasury and agency securities, as well as highly rated asset-backed, mortgage-backed, municipal, and corporate securities. Our Canadian customer trust funds are invested in securities issued by the government and provinces of Canada, highly rated Canadian banks and corporations, asset-backed trusts, and mortgages.

We do not enter into investments for trading or speculative purposes. Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities.

Pension Obligation Risk . We provide a pension plan for certain current and former U.S. employees that closed to new participants on January 2, 1995. In 2007, the U.S. pension plan was amended (1) to exclude from further participation any participant or former participant who was not employed by the company or another participating employer on January 1, 2008, (2) to discontinue participant contributions, and (3) to freeze the accrual of additional benefits as of December 31, 2007. In applying relevant accounting policies, we have made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, discount rates, and health care cost trends. The cost of pension benefits in future periods will depend on actual returns on plan assets, assumptions for future periods, contributions, and benefit experience. In 2017, we contributed \$23.0 million to our pension plan. The effective discount rate used in accounting for pension and other benefit obligations in 2017 ranged from 3.01% to 3.25%. The expected rate of return on plan assets for qualified pension benefits in 2018 is 6.30%.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective at a reasonable assurance level in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. We have not engaged an independent registered accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date or for any period reported in our financial statements. Presently, we are not an accelerated filer, as such term is defined by Rule 12b-2 of the Exchange Act, therefore; our management is not presently required to perform an annual assessment of the effectiveness of our internal control over financial reporting. This requirement could apply as early as our Annual Report on Form 10-K for the year ending December 31, 2019 if certain triggers requiring accelerated filing deadlines are met prior to that. Our independent public registered accounting firm will first be required to attest to the effectiveness of our internal control over financial reporting for our Annual Report on Form 10-K for the first year we are no longer an “emerging growth company”. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the three and nine months ended September 30, 2018, that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or taken together have a material adverse effect on our business, financial condition or liquidity.

ITEM 1A. RISK FACTORS

There have been no material changes to our principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in the prospectus, dated April 25, 2018, filed pursuant to Rule 424(b)(4) with the SEC on April 26, 2018, relating to our initial public offering which is accessible on the SEC's website at www.sec.gov.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

The following exhibits are filed or furnished as a part of this report:

Exhibit No.	Description
10.1	Employment Agreement, dated August 7, 2018, by and between Leigh Turner and Ceridian Canada Ltd.
10.2	Employment Agreement, dated August 7, 2018, by and between Erik Zimmer and Ceridian HCM, Inc.
10.3	Separation and Consulting Agreement, dated August 7, 2018, by and among Paul Elliott, Ceridian Canada Ltd. and Ceridian HCM Holding Inc.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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

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.

CERIDIAN HCM HOLDING INC.

Date: October 29, 2018

By: /s/ David D. Ossip

Name: David D. Ossip

Title: Chief Executive Officer

(Principal Executive Officer)

Date: October 29, 2018

By: /s/ Arthur Gitajn

Name: Arthur Gitajn

Title: Executive Vice President and Chief Financial Officer

(Principal Financial Officer and

Principal Accounting Officer)

EMPLOYMENT AGREEMENT

CERIDIAN CANADA LTD.

- and -

LEAGH TURNER

(“ *Executive* ”)

Date: August 7, 2018

**ARTICLE 1
DEFINITIONS**

In this Employment Agreement (the “ **Agreement** ”), unless something in the subject matter or context is inconsistent therewith, all defined terms shall have the meanings set forth below:

1.01 “ Affiliate ” shall mean with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, where “control” means the possession, directly or indirectly, or the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.02 “ Base Salary ” shall mean the regular cash compensation paid on a periodic basis as contemplated in Section 3.01, exclusive of benefits, bonuses or incentive payments.

1.03 “ Board ” shall mean the Board of Directors of Ceridian HCM Holding.

1.04 “ Cause ” shall mean cause as defined under Section 4.01.

1.05 “ Ceridian ” shall mean Ceridian HCM Holding, Ceridian HCM, Ceridian Canada, and all of their respective Affiliates, or any one of them.

1.06 “ Ceridian Canada ” shall mean Ceridian Canada Ltd., a corporation having a business address at 4110 Yonge Street, Toronto, Ontario, Canada, M2P 2B7, and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.07 “ Ceridian HCM ” means Ceridian HCM, Inc, a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.08 “ Ceridian HCM Holding ” means Ceridian HCM Holding Inc, a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.0 9 “ Confidential Information ” shall mean all information known or used by Ceridian in connection with its business, including but not limited to any technology, including computer software and designs, program, code, formula, design, prototype, compilation of information, data, techniques, process, information relating to any product, device, equipment or machine, industrial or commercial designs, customer information, financial information, marketing information, business opportunities, and the results of research and development, including without limitation:

- (a) information or material relating to Ceridian and its business as conducted or anticipated to be conducted, including without limitation: business plans; operations; past, current or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities;
- (b) information or material relating to Ceridian’s inventions, improvements, discoveries, “know-how,” technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of Ceridian’s services, products or software;
- (c) information on or material relating to Ceridian which when received is marked as “proprietary,” “private” or “confidential;”
- (d) trade secrets of Ceridian;
- (e) software of Ceridian in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of Ceridian;
- (f) information relating to employees of Ceridian including with respect to compensation, positions, job descriptions, responsibilities, areas of expertise and experience; and
- (g) any similar information of the type described above which Ceridian obtained from another party and which Ceridian treats as or designates as being proprietary, private or confidential, whether or not owned or developed by Ceridian.

Notwithstanding the foregoing, “Confidential Information” does not include any information which is now or subsequently becomes properly generally publicly available or in the public domain; is independently made available to Executive in good faith by a third party who has not violated a confidential relationship with Ceridian; or is required to be disclosed by law or legal process. Notwithstanding the foregoing, information which is made generally publicly available by or with the aid of Executive outside the scope of employment or contrary to the requirements of this Agreement and reasonable business practice will not be generally publicly available or in the public domain for the purposes of this Agreement.

1.10 “ Disability ” shall mean total and permanent disability, as defined in the Disability Plan.

1.11 “Disability Plan” shall mean Ceridian’s group long-term disability plan applicable to executives, as may be amended from time to time in Ceridian’s sole discretion .

1.12 “ Person ” is to be interpreted broadly and shall include any individual, partnership, firm, corporation, company, limited liability or joint stock company, trust, unincorporated association, joint venture, syndicate, governmental entity or any other entity, and pronouns have a similarly extended meaning.

1.13 “ Start Date ” has the meaning set forth in Section 2.03 below.

ARTICLE 2 EMPLOYMENT, DUTIES AND TERM

2.01 Employment . Upon the terms and conditions set forth in this Agreement, Ceridian Canada hereby confirms the employment of the President of Ceridian, reporting to the Chief Executive Officer, and Executive hereby accepts such employment.

2.02 Duties and Responsibilities . As President of Ceridian, Executive shall:

(a) be responsible for the areas of sales, marketing, partnerships, customer success and Ceridian’s global go to market strategy, as well as such other areas as Ceridian’s CEO and Executive may agree upon from time to time. Further details of the Presidents roles and responsibilities will be confirmed in a written job description as Ceridian’s CEO and Executive agree upon from time to time;

(b) devote his or her full-time and reasonable best efforts to Ceridian and to fulfilling the duties of his or her position which shall include such duties as may from time to time be assigned to him/her by his or her manager, provided that such duties are reasonably consistent with Executive’s education, experience and background;

(c) comply with Ceridian’s policies and procedures, including, but not limited to its Code of Conduct, to the extent that such policies and procedures are not inconsistent with this Agreement, in which case the provisions of this Agreement shall prevail.

2.03 Term . Subject to the provisions of ARTICLE 4, Executive’s employment shall commence on September 4, 2018, or such other earlier or later date as Ceridian and Executive agree upon (the “ **Start Date** ”) and shall continue until terminated by either party in accordance with the terms hereof (the “ **Term** ”).

2.04 Executive Representation . Executive hereby represents to Ceridian Canada that the execution and delivery of this Agreement by Executive and the performance by Executive of Executive’s duties hereunder shall not constitute a breach of, or otherwise contravene the terms of any other employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2.05 Legal Work Requirements. This Agreement and Executive’s continued employment with Ceridian Canada is contingent upon Executive meeting and maintaining throughout his or her employment, all requirements necessary to be legally entitled to work for Ceridian Canada within the Canada, performing the roles assigned in connection with this position.

ARTICLE 3
COMPENSATION AND EXPENSES

3.01 Base Salary . In exchange for all services rendered by Executive under this Agreement during the Term, Ceridian Canada shall pay Executive a Base Salary in an amount not less than Six Hundred and Fifty-five Thousand (\$655,000.00) Dollars USD per year, which amount will be subject to periodic review in accordance with Ceridian Canada's salary review process (but not less than once per twelve month period). The Base Salary shall be paid in accordance with Ceridian Canada's normal payroll procedures and policies, as such procedures and policies may be modified from time to time.

3.02 Incentive Plan.

(a) For the calendar year 2018, Executive shall be entitled to a bonus payment in the amount equal to Sixty Percent (60%) of Executive's Base Salary, payable at the same time as the last regular pay period of December, 2018. Executive must remain an employee of Ceridian Canada through to and including December 31, 2018 in order to be entitled to such payment;

(b) For the calendar year 2019 and each year thereafter, Executive shall be eligible to participate in Ceridian's variable incentive plan (the "**Incentive Plan** ") (i) on the same terms and conditions applicable to other similarly situated Ceridian executives, (ii) with a target annual payout based on sixty Percent (60%) of Executive's Base Salary, prorated for the number of months Executive participates in the Incentive Plan during a year. The Incentive Plan compensation payable shall be at the sole discretion of Ceridian Canada. The specific objectives and success criteria of the Incentive Plan shall be established by the Board each year, subject to change from time to time, in its sole discretion. Ceridian HCM Holding shall have the right to alter, amend or discontinue any incentive plans, including the Incentive Plan, or Executive's participation therein, with or without prior notice and without compensation to Executive, provided the changes are consistent with those affecting other executives at Executive's same or similar level and the Executive acknowledges and agrees that such changes will not constitute a constructive dismissal of the Executive's employment. Payment, if any, under the Incentive Plan is at the sole discretion of Ceridian Canada and will only be made if Ceridian's senior management team, the Board, compensation committee of the Board and/or other required personnel approve the amount to fund the Plan. Notwithstanding anything to the contrary, in the context of Ceridian, the Board or any other party exercising its "sole discretion" hereunder when making a change or decision relating to the Incentive Plan, such discretion must be applied consistently to other executives at Executive's same or similar level.

3.03 Benefit Plans . Executive shall be entitled to participate in the employee health and welfare, retirement and other employee benefits programs offered generally from time to time by Ceridian to its senior executive employees in the applicable country, to the extent that Executive's position, tenure, salary, and other qualifications make Executive eligible to participate.

3.04 Business Expenses . Ceridian Canada shall, consistent with its policies in effect from time to time, bear all ordinary and necessary business expenses incurred by Executive in performing

his or her duties as an employee of Ceridian Canada , including without limitation a paid parking spot at the Ceridian office from which Executive primarily works, as well as a full time executive assistant. Executive must provide receipts and otherwise account such expenses in accordance with Ceridian Canada 's applicable expense reimbursement policy in effect from time to time by Ceridian Canada .

3.05 Vacation . Executive is entitled to a minimum of 4 weeks (i.e. 20 days) paid vacation in each calendar year; provided that such PDO/vacations may be taken only at such times as Executive and his or her manager may from time to time reasonably determine having regard to the operations of Ceridian. PDO/vacation should be taken and shall be accrued and carried over, if applicable, in accordance with Ceridian's Vacation and PDO policies.

3.06 Equity Grant Grants . Subject to approval by the Board and the execution and delivery of appropriate documentation related thereto, the Executive will be granted:

(a) restricted stock units that will provide the Executive the opportunity to acquire One Hundred Thousand (100,000) shares of Ceridian HCM Holding common stock upon the settlement of the stock units, to be granted as follows:

(i) Fifty Thousand (50,000) to be granted on or around Executive's Start Date; and

(ii) Fifty Thousand (50,000) to be granted on or around the first anniversary of Executive's Start Date, provided Executive is still employed by Ceridian Canada on such date; and

(b) options to purchase One Hundred Thousand (100,000) shares of Ceridian HCM Holding common stock, to be granted on or around Executive's Start Date.

(collectively the "*Equity Awards* ")

The Equity Awards contemplated under this Section 3.06 shall be provided subject to and in conformity with the provisions of the Ceridian HCM Holding 2018 Equity Incentive Plan, as the same may be amended from time to time, together with a non-qualified stock option agreement and a restricted stock unit award agreement (and / or such other agreements as may be required by Ceridian HCM Holding) to be entered into between Executive and Ceridian HCM Holding. Each of the Equity Awards will vest twenty-five percent (25%) on the first four (4) anniversaries of the date of grant, subject to Executive's continued service through the applicable vesting date.

3.07 Signing Bonus . Executive will be entitled to a one-time signing bonus in the amount of \$200,000 (less applicable statutory withholdings as required by law), which will be paid to Executive at the same time as the first regular payment of her Base Salary. Executive must be employed by Ceridian Canada at the time such bonus is to be paid in order to be entitled to receive it.

3.08 Additional Consideration . In addition to the above, Executive shall also be entitled to the following:

(a) an executive coach of her choosing, to be paid for by Ceridian up to a maximum amount of Thirty Thousand Dollars (\$30,000.00) per year; and

(b) Ceridian will pay for the cost for Executive to take the Institute of Corporate Directors – Director Education Program (through the Rotman School of Management), up to a maximum amount of Twenty Thousand Dollars (\$20,000).

3.09 Deductions. Ceridian Canada shall be entitled to make such deductions and withholdings from Executive's remuneration as Ceridian Canada reasonably determines are by law required to be made, and as may be required by Executive's participation in any of the benefit programs described herein.

3.10 Indemnification and Insurance.

(a) In addition to any benefits provided under applicable law, Executive will be entitled to the benefits of those provisions of Ceridian HCM Holding's Certificate of Incorporation and By-Laws, as may be amended from time to time, which provide for indemnification of directors and officers of Ceridian HCM Holding (and no such provision shall be amended in any way to limit or reduce the extent of indemnification available to Executive as a director or officer of Ceridian HCM Holding). The rights of Executive under such indemnification obligations shall survive the termination of this Agreement and be applicable for so long as Executive may be subject to any claim, demand, liability, cost or expense, which the indemnification obligations referred to in this Section 3.10 are intended to protect and indemnify him or her against.

(b) Ceridian shall, at no cost to Executive, at all times include Executive, during the Term and for so long thereafter as Executive may be subject to any such claim, as an insured under any directors' and officers' liability insurance policy maintained by Ceridian, which policy shall provide such coverage in such amounts as the Board shall deem appropriate for coverage of all directors and officers of Ceridian HCM Holding.

**ARTICLE 4
EARLY TERMINATION**

4.01 Termination for Cause . Ceridian Canada may terminate this Agreement and Executive's employment immediately for Cause. For the purpose hereof " Cause " shall mean:

- (a) conduct by Executive involving theft or misappropriation of assets of Ceridian;
- (b) fraud, embezzlement or an indictable offense by Executive;
- (c) any material act of dishonestly, financial or otherwise, by Executive against Ceridian;
- (d) intentional violations of law by Executive involving moral turpitude;
- (e) any material violation of Ceridian's Code of Conduct and ethics policies by Executive;

(f) breach of Executive's obligations under any non-competition, non-solicitation or other similar restrictive covenant agreement made with any member of Ceridian ; or

(g) the continued failure by Executive to attempt in good faith to perform his or her material duties as reasonably assigned to Executive pursuant to Section 2.02 of this Agreement, after receiving not less than 90 days written notice of such failure and a demand to rectify such failure (which notice specifically identifies the manner in which it is alleged Executive has not attempted in good faith to perform such material duties).

4.02 Termination Without Cause. Ceridian Canada may terminate this Agreement and Executive's employment without Cause immediately upon written notice to Executive. In the event of termination of Executive's Employment pursuant to this Section 1.30 and subject to Section 1.33 and 1.34, compensation shall be paid to Executive as follows:

(a) a lump sum cash payment, payable within 30 days of Executive's last day of employment (!subject to receipt of the general release of claims to be executed by the Executive as contemplated in Section 1.33 below), equal to:

(i) Eighteen (18) months of Total Compensation (as defined below) if the termination occurs on or before the Seventh (7th) anniversary of Executive's Start Date; and

(ii) Twenty Four (24) months of Total Compensation if the termination occurs after the Seventh (7th) anniversary of Executive's Start Date;

As used in this Section 1.30(a), " *Total Compensation* " shall mean an amount equal to Executive's Base Salary plus Executive's annual payment under the Incentive Plan (at target), divided by 12 to derive at the monthly amount which will be multiplied by the number of months payable as contemplated in (i) and (ii) above, respectively.

(b) notwithstanding any requirement to the contrary as may be contained in the written Incentive Plan document (including without limitation any requirement that Executive must be employed until a certain date in the particular year), a lump sum payment equal to a pro-rated portion of Executive's Incentive Plan compensation referenced in Section 1.20 above (at target level), to which he or she would have become entitled for the fiscal year in which his or her termination occurs. Such amount will be paid to Executive at the same time as payments are made to other Ceridian Canada employees receiving payments under the Incentive Plan;

(c) reasonable executive-level outplacement services, not to exceed \$10,000 Dollars, in value for a period of up to 12 months following Executive's termination of employment (or if earlier, until the first acceptance by Executive of an offer of employment), to be provided through Ceridian Canada's preferred provider of such services; and

(d) continuation of medical, dental, and prescription healthcare coverage for up to a period of:

(e) Eighteen (18) months, if the termination occurs on or before the Seventh (7th) anniversary of Executive's Start Date; or

(f) Twenty Four (24) months, if the termination occurs after the Seventh (7th) anniversary of Executive's Start Date.

Such coverage will be effective upon the general release of claims to be executed by the Executive (as contemplated in Section 4.05 below), on a retroactive basis from your effective termination date, and will continue for the period of time specified in (i) or (ii) above (as applicable), or until Executive becomes eligible to participate in any other group health insurance program (whichever occurs first). Executive agrees to provide notice to Ceridian as soon as reasonably possible of his/her eligibility to participate in any other group health insurance program.

4.03 Termination by Executive upon Written Notice. Executive may terminate this Agreement and his or her employment at any time on at least 90 days' prior written notice to Ceridian Canada, or such shorter period of notice as may be accepted by Ceridian Canada in writing. Ceridian Canada shall be entitled to waive entirely, or abridge, such notice period, but notwithstanding such waiver or abridgement Executive shall still be entitled to receive her Total Compensation (as defined in Section 4.02 above), together with benefits and other compensation that would have otherwise been payable to her during such full 90 day period.

4.04 Termination in the Event of Death or Disability . Unless otherwise required by law, this Agreement and Executive's employment shall terminate in the event of death or Disability (subject to Ceridian's duty to accommodate to the point of undue hardship) of Executive. In the event of death or Disability, the following will apply:

(a) In the event of Executive's Disability, Base Salary shall be terminated as of the end of such period that Executive is unable to perform his or her duties on a full-time basis and that establishes that Executive suffers from a Disability pursuant to the Disability Plan;

(b) In the event of termination by reason of Executive's death or Disability, and subject to Sections 4.05 and 4.06, Ceridian Canada shall pay to Executive a prorated portion of the Incentive Plan compensation (at target level), if any, to which Executive would otherwise have become entitled for the fiscal year in which his or her death or Disability occurs had Executive remained continuously employed for the full fiscal year, calculated by multiplying such Incentive Plan compensation by a fraction, the numerator of which is the number of days in the applicable fiscal year through the date of termination and the denominator of which is 365. The amount payable pursuant to this Section 4.04(b) shall be paid within 15 days after the date such Incentive Plan would have otherwise been paid had Executive remained employed for the full fiscal year; i.e. the payout date for all other Ceridian employees and executives.

4.05 Entire Termination Payment. The compensation provided for in this ARTICLE 4 for termination of this Agreement and Executive's employment pursuant to Sections 4.02, 4.03 or 4.04 shall constitute Executive's sole remedy for such termination. Executive shall not be entitled to any other notice of termination, or termination or severance payment which otherwise may be payable to Executive under common law, case law, statute, in equity or other agreement between Executive and Ceridian Canada, and he or she shall have no action, cause of action, claim or demand against Ceridian Canada, Ceridian HCM or any other Ceridian Affiliate or any other Person as a consequence of such termination. It shall be a condition of the payment of the compensation provided for in this ARTICLE 4 that Executive shall timely execute a general release of claims in a form satisfactory to Ceridian and not revoke the release in the time provided

to do so. Ceridian Canada shall provide Executive with a form of release not later than five days following the Executive's termination of employment and Executive must execute and deliver the release within 21 days following the date Ceridian Canada delivers the release to the Executive.

4.06 Return of Records upon Termination. Upon termination of Executive's employment with Ceridian Canada for any reason whatsoever, all documents, records, notebooks, and similar repositories of, or containing, trade secrets or intellectual property of Ceridian, or any Confidential Information, then in Executive's possession or control, including copies thereof, whether prepared by Executive or others, will be promptly returned to or left with Ceridian.

ARTICLE 5 CONFIDENTIALITY AND ETHICS

5.01 Confidentiality . Executive acknowledges Ceridian's representation that it has taken reasonable measures to preserve the secrecy of its Confidential Information. Executive will not, during the term or after the termination or expiration of this Agreement or his or her employment, publish, disclose, or utilize in any manner any Confidential Information obtained while employed by Ceridian Canada, except that, during Executive's employment, Executive shall be entitled to use and disclose Confidential Information (i) as reasonably required to perform Executive's duties as an employee of Ceridian, and (ii) in the reasonable conduct of the business and Executive's role within the business. If Executive leaves the employ of Ceridian, Executive will not, without Ceridian's prior written consent, retain or take away any drawing, writing or other record in any form containing any Confidential Information. Further, Executive agrees to comply with the terms and conditions of Ceridian's Privacy Guidelines & Pledge of Confidentiality, the terms of which are attached hereto as **Appendix A** and are incorporated herein by reference and form a part of this Agreement.

5.02 Business Conduct and Ethics . During the Term, Executive will engage in no activity or employment which may conflict with the interest of Ceridian, and will comply with Ceridian's policies and guidelines pertaining to business conduct and ethics.

5.03 Policies . Executive agrees to follow the policies and procedures established by Ceridian from time to time.

ARTICLE 6 INTELLECTUAL PROPERTY RIGHTS, DISCLOSURE AND ASSIGNMENT

6.01 Disclosure. Executive will disclose promptly in writing to Ceridian all inventions, improvements, discoveries, software, writings and other works of authorship which are conceived, made, discovered, or written jointly or singly on Ceridian time or on Executive's own time, providing the invention, improvement, discovery, software, writing or other work of authorship is capable of being used by Ceridian in the normal course of business. All such inventions, improvements, discoveries, software, writings and other works of authorship shall belong solely to Ceridian immediately upon conception, development, creation, production or reduction to practice, and Executive hereby waives any and all moral rights that he or she may have therein.

6.02 Instruments of Assignment. Executive will sign and execute all instruments of assignment and other papers to evidence transfer of Executive's entire right, title and interest in

such inventions, improvements, discoveries, software, writings or other works of authorship in Ceridian, at the request and the expense of Ceridian, and Executive will do all acts and sign all instruments of assignment and other papers Ceridian may reasonably request relating to applications for patents, patents, copyrights, and the enforcement and protection thereof. If Executive is needed, at any time, to give testimony, evidence, or opinions in any litigation or proceeding involving any patents or copyrights or applications for patents or copyrights, both domestic and foreign, relating to inventions, improvements, discoveries, software, writings or other works of authorship conceived, developed or reduced to practice by Executive, Executive agrees to do so, and if Executive leaves the employ of Ceridian, Ceridian shall pay Executive at a rate mutually agreeable to Executive and Ceridian, plus reasonable traveling or other expenses.

6.03 Ceridian’s IP Development Agreement. Without limiting the generality of the foregoing, Executive agrees to comply with the terms and conditions of Ceridian’s Intellectual Property Agreement as amended from time to time, the current terms of which are attached hereto as **Appendix B** and are incorporated herein by reference and form a part of this Agreement.

**ARTICLE 7
NON-COMPETITION, NON-RECRUITMENT, NON-DISPARAGEMENT**

7.01 General. The parties hereto recognize and agree that (a) Executive is a senior executive of Ceridian, (b) Executive has received, and will in the future receive substantial amounts of Confidential Information (c) Ceridian’s business is conducted on a worldwide basis and, (d) provision for non-competition, non-recruitment and non-disparagement obligations by Executive is critical to Ceridian’s continued economic well-being and protection of Ceridian’s Confidential Information. In light of these considerations, this ARTICLE 4 sets forth the terms and conditions of this Executives obligations of non-competition, non-recruitment and non-disparagement subsequent to the termination of this Agreement and/or Executive’s employment for any reason.

7.02 Non-competition. During the terms of this Agreement, Executive will devote full time and energy to furthering Ceridian’s business and will not pursue any other business activity without Ceridian’s written consent. Notwithstanding anything to the contrary herein or in any agreements or documentation executed in connection with the Equity Awards, unless the obligation is waived or limited by Ceridian in accordance this Section 7.02, Executive agrees that:

(a) Subject to subsection 7.02(b) below, during her employment and during the applicable period of time (as set forth in the table below) immediately following Executive’s termination of employment with Ceridian for any reason whatsoever, Executive will not directly or indirectly, alone or as a partner, officer, director, shareholder or an employee, engage in any commercial activity on behalf of the following specified competitors of Ceridian (and / or their respective affiliates):

Name of Competitor	Restriction Period
• Workday Inc.	6 Months
• Automatic Data Processing, Inc. • Ultimate Software Inc. • Kronos Incorporated	18 Months

Executive hereby agrees that the above non competition restriction s are fair and reasonable. At its sole option, Ceridian may, by written notice to Executive at any time waive or reduce the time of the restriction period. For purposes of this subsection, “shareholder” shall not include beneficial ownership of less than five percent (5%) of the combined voting power of all issued and outstanding voting securities of a publicly held corporation whose stock is traded on a major stock exchange.

(b) Notwithstanding anything herein to the contrary, Ceridian agrees that Executive shall not be subject to the restrictive covenants set forth in subsection 7.02(a) above if her employment with Ceridian Canada is terminated for any reason whatsoever prior to the first (1st) anniversary of Executive’s Start Date.

7.03 Non-Recruitment . During the term of employment and during the Eighteen (18) month period of time immediately following Executive’s termination of employment with Ceridian for any reason whatsoever, Executive will not directly or indirectly hire any of Ceridian’s employees, or solicit any of Ceridian’s employees for the purpose of hiring them or inducing them to leave their employment with Ceridian, nor will Executive own, manage, operate, join, control, consult with, participate in the ownership, management, operation or control of, be employed by or be connected in any manner with any person or entity which engages in the conduct prescribed in this Section 7.03 This provision shall not preclude Executive from responding to a request (other than by Executive’s employer) for a reference with respect to an individual’s employment qualifications. Nothing in this Section shall prohibit Executive from:

(a) making general solicitations for employment by means of advertisements, public notices, or internal or external websites or job search engines; or

(b) hiring Marcia Coimbra, who is not currently an employee of Ceridian but may be hired (at the suggestion of Executive) to be Executive’s full time executive assistant as contemplated under Section 3.04 above.

7.04 Non-Disparagement .

(a) Executive will not, during the term or after the termination or expiration of this Agreement or Executive’s employment, make disparaging statements, in any form, about Ceridian, its officers, directors, agents, employees, products or services which Executive knows, or has reason to believe, are false or misleading.

(b) Ceridian will not, during the term or after the termination or expiration of this Agreement or Executive’s employment, make disparaging statements, in any form, about Executive which Ceridian knows, or has reason to believe, are false or misleading. This provision will not however limit Ceridian’s right or obligation to provide full and complete truthful responses to and cooperation with any third parties (including without limitation potential future employers of Executive) who contact Ceridian requesting employment history, background check, reference check or similar information with respect to the Executive.

7.05 Survival and Enforceability . The obligations of this ARTICLE 7 shall survive the termination or expiration of this Agreement and Executive’s employment. Should any provisions of this ARTICLE 7 be held invalid or illegal, such illegality shall not invalidate the whole of this ARTICLE 7 or the agreement, but, rather, ARTICLE 7 shall be construed as if it did not contain the illegal part or narrowed to permit its enforcement, and the rights and obligations of the parties shall be construed and enforced accordingly. In furtherance of and not in limitation of the

foregoing, Executive expressly agrees that should the duration of or geographical extent of, or business activities covered by, any provision of this ARTICLE 7 be in excess of that which is valid or enforceable under applicable law, then such provisions should shall be construed to cover only that duration, extent or activities that may validly be covered. Executive acknowledges the uncertainty of the law in this respect and expressly stipulates that this ARTICLE 7 shall be construed in a manner that renders its provisions valid and enforceable to the maximum extent (not exceeding its expressed terms) possible under applicable law. This ARTICLE 7 does not replace and is in addition to any other agreements Executive may have with Ceridian on the matters addressed herein.

ARTICLE 8 GENERAL PROVISIONS

8.01 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Ceridian Canada, whether by way of merger, consolidation, operation of law, assignment, purchase or other acquisition of substantially all of the assets or business of Ceridian Canada, and any such successor or assign shall absolutely and unconditionally assume all of Ceridian Canada's obligations hereunder.

8.02 Notices. All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at the addresses set forth in the signature blocks below. Either party may, by notice hereunder, designate a changed address. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the second business day thereafter or when it is actually received, whichever is sooner.

8.03 Survival. The obligations of Subsection 3.10(a), Section 5.01, ARTICLE 6 and ARTICLE 7 shall survive the expiration or termination of this Agreement and Executive's employment.

8.04 Captions. The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

8.05 Governing Law. The laws of the Province of Ontario will govern the validity, construction and performance of this Agreement. Any legal proceeding related to this Agreement will be brought in an appropriate Ontario Superior court, and both Ceridian Canada and the Executive hereby consent to the exclusive jurisdiction of that court for this purpose.

8.06 Construction. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Subject to applicable law, if there is a conflict or inconsistency between the terms of this Agreement and applicable law, the terms of this Agreement will govern to the extent of that conflict or inconsistency, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.07 Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be conclusively deemed to be severable and to have been severed from this Agreement and the balance of this Agreement shall remain in full force and effect, notwithstanding such severance. To the extent permitted by

law, each of the parties hereto hereby waives any law, rule or regulation that might otherwise render any provision of this Agreement invalid, illegal or unenforceable.

8.08 Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

8.09 Modification. Any changes or amendments to this Agreement must be in writing and signed by both parties.

8.10 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto in reference to all the matters herein agreed upon. This Agreement replaces in full all prior employment or change of control agreements or understandings of the parties hereto with respect to such subject matter, and any and all such prior agreements or understandings are hereby rescinded by mutual agreement.

8.11 Execution of Agreement. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterpart together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile copy shall deliver an original copy of this Agreement as soon as possible after delivering the facsimile copy.

8.12 Taxes. Ceridian is authorized to withhold from any payments made hereunder and any other compensation payable to Executive in any capacity amounts of withholding and other taxes due or potentially payable in connection therewith, and to take such other action as Ceridian reasonable determines is advisable to enable Ceridian and Executive to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any payments made under this Agreement.

8.13 Currency . All payments made hereunder shall be in the currency of the United States.

8.14 Breach of Restrictive Covenants . Executive acknowledges and agrees that any breach by Executive of the restrictions set forth in ARTICLE 5 and ARTICLE 7 shall be considered a material breach of this Agreement entitling Ceridian to seek damages and pursue any additional rights or remedies as may be available to it at law or in equity.

ARTICLE 9
EXECUTIVE 'S UNDERSTANDING

9.01 Executive's Understanding. Executive recognizes and agrees that he or she has read and understood all and each Article, Section and paragraph of this Agreement, and that he or she has received adequate explanations on the nature and scope of those Articles, Sections and paragraphs which he or she did not understand. Executive recognizes that he or she has been advised that the Agreement entails important obligations on his or her part, and recognizes that he or she has had the opportunity of consulting his or her legal adviser before signing the Agreement.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

CERIDIAN CANADA LTD.

Per: /s/ David Ossip
Name: David Ossip
Title: Chief Executive Officer

EXECUTIVE

/s/ Leigh Turner
Leigh Turner

[SIGNATURE PAGE TO LEAGH TURNER EXECUTIVE EMPLOYMENT AGREEMENT]

APPENDIX A

Privacy Guidelines & Pledge of Confidentiality

As an employee of Ceridian HCM, Inc. or one of its affiliates (collectively “**Ceridian**”), you will be in a position of trust and confidence, and will have access to and become familiar with Confidential Information (as that term is defined in the Employment Agreement to which this Appendix is attached) used by or in possession of Ceridian. The unauthorized disclosure to or unauthorized use by third parties of any Confidential Information, or your unauthorized use of such information, could seriously harm Ceridian’s business and cause monetary loss that would be difficult, if not impossible, to measure.

Ceridian is sensitive to the necessity of maintaining the confidentiality of Confidential Information. Ceridian recognizes both the inherent right to privacy of every individual and its obligation to preserve the confidentiality of Confidential Information kept in its files. Ceridian is also aware of the concerns about individual privacy and perceived possible abuses of Confidential Information kept in automated data banks and other forms. Ceridian has, therefore, established privacy guidelines to ensure the protection, to the best of Ceridian’s ability, of all Confidential Information in its possession, in whatever form it is kept, whether it be an automated data bank, manual (or paper) file, microfiche or any other form. Accordingly, all Confidential Information in the possession of Ceridian, whether from clients or from Ceridian’s own employees or contractors, must be handled and protected in accordance with the following principles:

1. The independent consideration which you shall be entitled to receive in consideration of agreeing to the terms of this document, shall consist of employment by Ceridian in accordance with Ceridian’s written offer of employment. You acknowledge that the foregoing independent consideration consists of real, bargained-for benefits to which you would have no entitlement but for your agreement to be bound by the terms set forth in this document. You further acknowledge that you were not entitled to receive the foregoing independent consideration prior to agreeing to the terms of this document. The terms of this document shall and do form an integral part of the terms of your employment with Ceridian, and shall be considered incorporated into the terms of your offer of employment and / or employment agreement with Ceridian.
 2. You acknowledge Ceridian’s representation that it has taken and intends to take reasonable measures to preserve the secrecy of its Confidential Information, including, but not limited to, requiring you to agree to the terms of this document, as a condition of and part of the terms of your employment with Ceridian. You will hold all Confidential Information in the strictest confidence, and will not directly or indirectly copy, reproduce, disclose or divulge, or permit access to or use of, or obtain any benefit from, the Confidential Information or directly or indirectly use the Confidential Information other than as (a) as reasonably required to perform your duties as an employee of Ceridian, or (b) in the reasonable conduct of the business and your role within the business. For greater certainty, you shall not use the Confidential Information directly or indirectly in any business other than the business of Ceridian, without the prior written consent of Ceridian. Confidential Information is the exclusive property of Ceridian or its Clients (as the case may be), and you will not divulge any Confidential Information to any person except to Ceridian’s qualified employees or advisers or other third parties with whom Ceridian has confidential business relations, and you will not, at any time, use Confidential Information for any purpose whatsoever, except as required to perform your duties as an employee of Ceridian or in the reasonable conduct of the business or your role within the business. Without limiting the generality of the foregoing, you acknowledge and agree that Confidential Information received from a Client is to be used only for the purposes intended by the Client when entering into an agreement with Ceridian, and will not be used for any other purpose. Confidential Information will only be kept for the limited period of time necessary for Ceridian to fulfil its obligations. Regardless of the reason for termination of your employment (and whether or not you or Ceridian terminate the employment relationship): (a) you will not after the term of your employment, disclose Confidential Information which you may learn or acquire during your employment to any other person or entity or use any Confidential Information for your own benefit or for the benefit of another; and (b) you will immediately deliver to Ceridian all property and Confidential Information in your possession or control which belong to Ceridian.
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3. You acknowledge that your breach of the terms of this document may cause irreparable harm to Ceridian and that such harm may not be compensable entirely with monetary damages. If you violate the terms of this document, Ceridian may seek injunctive relief or any other remedy allowed at law, in equity, or under the terms of this agreement. In connection with any suit by Ceridian hereunder, Ceridian shall be entitled to an accounting, and to the repayment of all profits, compensation, commissions, fees or other remuneration which you have realized, as a result of the violation of the terms of this agreement which is the subject of the suit. In addition to the foregoing, Ceridian shall be entitled to collect from you any reasonable attorney's fees and costs incurred by Ceridian in bringing any successful action against you or in otherwise successfully enforcing the terms hereof against you. You acknowledge and agree that nothing herein shall affect Ceridian's rights to bring an action in a court of law for any legal claim against any third party who aids you in violating the terms of this agreement or who benefits in any way from your violation hereof.
4. You understand and agree that the terms of this document shall apply no matter when, how or why your employment terminates and regardless whether the termination is voluntary or involuntary, and that the terms shall survive the termination of your employment.
5. If any one or more of the terms of this document are deemed to be invalid or unenforceable by a court of law, the validity, enforceability and legality of the remaining provisions will not, in any way, be affected by or impaired thereby; and, notwithstanding the foregoing, all provisions hereof shall be enforced to the extent that is reasonable.
6. Ceridian's decision to refrain from enforcing a breach of any term of this document will not prevent Ceridian from enforcing the terms hereof as to any other breach that Ceridian discovers and shall not operate as a waiver against any future enforcement of any part of this document, any other agreement with you or any other agreement with any other employee of Ceridian.
7. You hereby represent and agree with Ceridian that: (a) you are not bound or restricted by a non-competition agreement, a confidentiality or non-disclosure agreement, or any other agreement with a former employer or other third party, which would conflict with the terms of this offer; and (b) you will not use any trade secrets or other intellectual property belonging to any third party while performing services for Ceridian; and (c) you are of legal age, under no legal disability, have full legal authority to enter into this agreement and have had a reasonable and adequate opportunity to consult with independent counsel regarding the effect of this document, the sufficiency of the independent consideration provided to you, and the reasonableness of the restrictions set forth herein.

Ceridian employs a Privacy Officer who is charged with ensuring that Ceridian complies with all privacy-related obligations imposed by statute or contract. Any questions regarding the collection, use, access, disclosure, retention or destruction of Confidential Information should be directed to the Privacy Officer.

Adherence to the guidelines set out above is a requirement for continued employment with Ceridian. Material breaches of these guidelines may result in discipline up to and including dismissal, or in the case of contractors, cancellation of your contract with Ceridian.

APPENDIX B

Intellectual Property Agreement

In consideration of Ceridian HCM, Inc. or one of its affiliates (collectively “**Ceridian** ”) offering me employment, I hereby expressly acknowledge and agree as follows:

- 1.0 All Ceridian developments which I may solely or jointly author, conceive, or develop, or reduce to practice, or cause to be authored, conceived, or developed, or reduced to practice, during the term of my employment with Ceridian (collectively “ **Developments** ”) are the property of Ceridian. I will promptly make fullest disclosure to Ceridian of all Ceridian Developments. I further agree to execute such documents and do such things as Ceridian may reasonably require from time to time to assign to Ceridian all right, title, and interest in and to all Ceridian Developments, and agree, at Ceridian’s expense, during the term of my employment and thereafter, to execute any and all applications or assignments relating to intellectual property including patents, copyrights, industrial designs and trademarks, and to execute any proper oath or verify any proper document in connection with carrying out the terms of this agreement.
- 2.0 In the event Ceridian is unable for any reason whatsoever to secure my signature to any lawful and necessary documents relating to paragraph 1 hereof and to apply for, or to prosecute, any applications for letters patent, copyright, designs or trademarks (foreign or domestic) in respect to the Ceridian Developments, I hereby irrevocably designate and appoint Ceridian and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright, designs or trademarks thereon with the same legal force and effect as if executed by me.
- 3.0 At the time of leaving the employ of Ceridian I will deliver to Ceridian, and will not keep in my possession, nor deliver to anyone else, any and all information in any tangible form and all copies, partial copies, notes, summaries, records, descriptions, drawings, reports and other documents, data or materials of or relating to the Ceridian Developments or which contain or make reference to the Ceridian Developments, in my possession or control.
- 4.0 I hereby waive for the benefit of Ceridian and, where legally possible, assign to Ceridian any moral rights I have, or may in the future have, in any Ceridian Developments.
- 5.0 This agreement shall extend to and endure to the benefit of the successors and assigns of Ceridian and shall be binding upon me and my heirs, executors, administrators, successors and assigns.

EMPLOYMENT AGREEMENT

CERIDIAN HMC, INC.

- and -

ERIK ZIMMER

(“ *Executive* ”)

Date: August 7, 2018

ARTICLE 1
DEFINITIONS

In this Employment Agreement (the “ **Agreement** ”), unless something in the subject matter or context is inconsistent therewith, all defined terms shall have the meanings set forth below:

1.01 “ Affiliate ” shall mean with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, where “control” means the possession, directly or indirectly, or the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.02 “ Base Salary ” shall mean the regular cash compensation paid on a periodic basis as contemplated in Section 3.01, exclusive of benefits, bonuses or incentive payments.

1.03 “ Board ” shall mean the Board of Directors of Ceridian HCM Holding.

1.04 “ Cause ” shall mean cause as defined under Section 4.01.

1.05 “ Ceridian ” shall mean Ceridian HCM Holding, Ceridian HCM and all of their respective Affiliates, or any one of them.

1.06 “ Ceridian HCM ” means Ceridian HCM, Inc, a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.07 Ceridian HCM Holding ” means Ceridian HCM Holding Inc, a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.08 “ Code ” shall mean the Internal Revenue Code of 1986, as amended.

1.09 “ Confidential Information ” shall mean all information known or used by Ceridian in connection with its business, including but not limited to any technology, including computer software and designs, program, code, formula, design, prototype, compilation of information, data, techniques, process, information relating to any product, device, equipment or machine, industrial or commercial designs, customer information, financial information, marketing information, business opportunities, and the results of research and development, including without limitation:

- (a) information or material relating to Ceridian and its business as conducted or anticipated to be conducted, including without limitation: business plans; operations; past, current or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities;
- (b) information or material relating to Ceridian’s inventions, improvements, discoveries, “know-how,” technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of Ceridian’s services, products or software;
- (c) information on or material relating to Ceridian which when received is marked as “proprietary,” “private” or “confidential;”
- (d) trade secrets of Ceridian;
- (e) software of Ceridian in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of Ceridian;
- (f) information relating to employees of Ceridian including with respect to compensation, positions, job descriptions, responsibilities, areas of expertise and experience; and
- (g) any similar information of the type described above which Ceridian obtained from another party and which Ceridian treats as or designates as being proprietary, private or confidential, whether or not owned or developed by Ceridian.

Notwithstanding the foregoing, “Confidential Information” does not include any information which is now or subsequently becomes properly generally publicly available or in the public domain; is independently made available to Executive in good faith by a third party who has not violated a confidential relationship with Ceridian; or is required to be disclosed by law or legal process. Notwithstanding the foregoing, information which is made generally publicly available by or with the aid of Executive outside the scope of employment or contrary to the requirements of this Agreement and reasonable business practice will not be generally publicly available or in the public domain for the purposes of this Agreement.

1.10 “ Disability ” shall mean total and permanent disability, as defined in the Disability Plan.

1.11 “Disability Plan” shall mean Ceridian’s group long-term disability plan applicable to executives, as may be amended from time to time in Ceridian’s sole discretion.

1.12 “ Effective Date ” of this Agreement shall mean the date set forth on the first page of this Agreement.

1.13 “ Good Reason ” means one or more of the following events which shall occur without Executive's express written consent:

- (a) A change in Executive's reporting responsibilities which has the effect of materially diminishing Executive's responsibility or authority, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by Ceridian HCM promptly after receipt of written notice thereof given by Executive and excluding any diminution attributable to a sale, spin-off, reverse spin-off or similar disposition of any Affiliate of Ceridian;
- (b) In the event that the Chief Executive Officer is not the same individual who held such office as of the Start Date, and subsequently a material diminution in Executive's authority, duties or responsibilities occurs (regardless of whether or not such material diminution is accompanied by a change in Executive's reporting responsibilities);
- (c) A change in Executive's primary working location to any site that is more than fifty (50) miles from Boston City Hall;
- (d) A reduction by Ceridian HCM in Executive's Base Salary or opportunity to earn incentive pay (as contemplated under Section 3.02 below, but for certainty subject to Ceridian HCM's discretion as expressly set forth therein), as the same may be increased from time to time thereafter or any failure by Ceridian HCM to pay any portion of Executive's compensation when due, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by Ceridian HCM promptly after receipt of written notice thereof given by Executive;
- (e) Without replacement by plans, programs or arrangements which, taken as a whole, provide benefits to Executive at least reasonably comparable to those discontinued or adversely affected, (A) the failure by Ceridian HCM to continue in effect, any life insurance, health, accident, disability, or any other employee compensation or benefit plan, program or arrangement, in which Executive is participating; or (B) the taking of any action by Ceridian HCM that would materially and adversely affect Executive's participation or materially reduce Executive's benefits under any of such plans, programs or arrangements, in each case, other than an isolated, insubstantial and inadvertent failure or reduction not occurring in bad faith and which is remedied retroactively by Ceridian HCM promptly but in no event later than sixty (60) days after receipt of written notice thereof given by Executive;
- (f) Any material breach of this Agreement by Ceridian HCM, or the failure by a successor to Ceridian to assume the provisions this Agreement, other than an isolated, insubstantial and inadvertent breach or failure not occurring in bad faith which is remedied retroactively by Ceridian HCM promptly but in no event later than sixty (60) days after receipt of written notice thereof given by Executive.

Notwithstanding anything to the contrary contained in this definition, no Good Reason shall be effective or deemed to occur, unless notice referencing the definition of Good Reason in this Agreement and including a description of the factors constituting the alleged “Good Reason” is provided in writing to the Chief Executive Officer of Ceridian HCM by Executive (or his representatives on his behalf) and Ceridian HCM fails to cure such alleged “Good Reason” within 30 days; provided that in the event Ceridian HCM terminates Executive for Cause, any failure by Executive (or his representatives on his behalf) to provide notice of an alleged “Good Reason” prior to such termination shall not prejudice Executive’s right to claim that a “Good Reason” occurred prior to such termination.

1.14 “ Person ” is to be interpreted broadly and shall include any individual, partnership, firm, corporation, company, limited liability or joint stock company, trust, unincorporated association, joint venture, syndicate, governmental entity or any other entity, and pronouns have a similarly extended meaning.

1.15 “Restrictive Period” means the period of time, as set forth in Section 8.15, immediately following Executive’s termination of employment with Ceridian for any reason whatsoever.

1.16 “ Start Date ” has the meaning set forth in Section 2.03 below.

ARTICLE 2 EMPLOYMENT, DUTIES AND TERM

2.01 Employment . Upon the terms and conditions set forth in this Agreement, Ceridian HCM hereby confirms the employment of the Executive as Executive Vice President, Chief Strategy Officer of Ceridian, reporting to the Chief Executive Officer, and Executive hereby accepts such employment.

2.02 Duties and Responsibilities . As Chief Strategy Officer of Ceridian, Executive shall:

- (a) devote his or her full-time and reasonable best efforts to Ceridian and to fulfilling the duties of his or her position which shall include such duties as may from time to time be assigned to him/her by his or her manager, provided that such duties are reasonably consistent with Executive’s education, experience and background;
- (b) comply with Ceridian’s policies and procedures, including, but not limited to its Code of Conduct, to the extent that such policies and procedures are not inconsistent with this Agreement, in which case the provisions of this Agreement shall prevail.

However, and notwithstanding the foregoing, Ceridian HCM acknowledges that Executive will be continuing to provide certain consulting services to his current employer (and major stockholder of Ceridian HCM Holding), Thomas H. Lee Partners L.P. (“THL”) from time to time while employed with Ceridian HCM, and Ceridian agrees that such consulting services for THL will not constitute a breach of Executive’s obligations hereunder provided they do not materially interfere with his ability to perform his responsibilities for Ceridian HCM.

2.03 Term . Subject to the provisions of ARTICLE 4, Executive's employment shall commence on September 4 , 2018 , or such other earlier or later date as Ceridian and Executive agree upon (the “ **Start Date** ”) and shall continue until terminated by either party in accordance with the terms hereof (the “ **Term** ”) .

2.04 Executive Representation . Executive hereby represents to Ceridian HCM that the execution and delivery of this Agreement by Executive and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene the terms of any other employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

2.05 Legal Work Requirements. This Agreement and Executive's continued employment with Ceridian HCM is contingent upon Executive meeting and maintaining throughout his or her employment, all requirements necessary to be legally entitled to work for Ceridian HCM within the United States, performing the roles assigned in connection with this position.

ARTICLE 3 COMPENSATION AND EXPENSES

3.01 Base Salary . In exchange for all services rendered by Executive under this Agreement during the Term, Ceridian HCM shall pay Executive a Base Salary in an amount not less than Six Hundred Fifty-Five Thousand (\$655,000.00) Dollars USD per year, which amount will be subject to periodic review for increases in accordance with Ceridian HCM's salary review process. The Base Salary shall be paid in accordance with Ceridian HCM's normal payroll procedures and policies, as such procedures and policies may be modified from time to time.

3.02 Incentive Plan

(a) For the calendar year 2018, Executive shall be entitled to a bonus payment in the amount equal to Sixty Percent (60%) of Executive's Base Salary, payable at the same time as the last regular pay period of December, 2018. Executive must remain an employee of Ceridian HCM through to and including December 31, 2018 in order to be entitled to such payment, failing which the bonus amount will be pro-rated (based on the number of days he was an employee of Ceridian HCM, divided by number of days from his Start Date through to December 31, 2018);

(b) For the calendar year 2019 and each year thereafter, Executive shall be eligible to participate in Ceridian's variable incentive plan (the “ **Incentive Plan** ”) (i) on the same terms and conditions applicable to other similarly situated Ceridian executives, (ii) with a target annual payout based on Sixty Percent (60%) of Executive's Base Salary, prorated for the number of months Executive participates in the Incentive Plan during a year. The Incentive Plan compensation payable shall be at the sole discretion of Ceridian HCM. The specific objectives and success criteria of the Incentive Plan shall be established by the Board each year, subject to change from time to time, in its sole discretion. Ceridian HCM Holding shall have the right to alter, amend or discontinue any incentive plans, including the Incentive Plan, or Executive's participation therein, with or without prior notice and without compensation to Executive, provided the changes are consistent with those affecting other executives at Executive's same or similar level and the Executive

acknowledges and agrees that such changes will not constitute a constructive dismissal of the Executive's employment . Payment, if any, under the Incentive Plan is at the sole discretion of Ceridian HCM and will only be made if Ceridian's senior management team, the Board, compensation committee of the Board and/or other required personnel approve the amount to fund the Plan . Notwithstanding anything to the contrary, in the context of Ceridian, the Board or any other party exercising its "sole discretion" hereunder when making a change or decision relating to the Incentive Plan, such discretion must be applied consistently to other executives at Executive's same or similar level.

3.03 Benefit Plans . Executive shall be entitled to participate in the employee health and welfare, retirement and other employee benefits programs offered generally from time to time by Ceridian to its senior executive employees in the applicable country, to the extent that Executive's position, tenure, salary, and other qualifications make Executive eligible to participate.

3.04 Business Expenses . Ceridian HCM shall, consistent with its policies in effect from time to time, bear all ordinary and necessary business expenses incurred by Executive in performing his or her duties as an employee of Ceridian HCM, provided that Executive accounts promptly for such expenses to Ceridian HCM in accordance with Ceridian HCM's applicable expense reimbursement policy the manner prescribed from time to time by Ceridian HCM.

3.05 Vacation . Executive is entitled to a minimum of 4 weeks (i.e. 20 days) paid vacation in each calendar year; provided that such PDO/vacations may be taken only at such times as Executive and his or her manager may from time to time reasonably determine having regard to the operations of Ceridian. PDO/vacation should be taken and shall be accrued and carried over, if applicable, in accordance with Ceridian's Vacation and PDO policies.

3.06 Equity Grant Grants . Subject to approval by the Board and the execution and delivery of appropriate documentation related thereto, the Executive will be granted:

(a) restricted stock units that will provide the Executive the opportunity to acquire One Hundred Thousand (100,000) shares of Ceridian HCM Holding common stock upon the settlement of the stock units, to be granted as follows:

(i) Fifty Thousand (50,000) to be granted on or around Executive's Start Date; and

(ii) Fifty Thousand (50,000) to be granted on or around the first anniversary of Executive's Start Date, provided Executive is still employed by Ceridian HCM on such date; and

(b) options to purchase One Hundred Thousand (100,000) shares of Ceridian HCM Holding common stock, to be granted on or around Executive's Start Date.

(collectively the "*Equity Awards*")

The Equity Awards contemplated under this Section 3.06 shall be provided subject to and in conformity with the provisions of the Ceridian HCM Holding 2018 Equity Incentive Plan, as the same may be amended from time to time, together with a non-qualified stock option agreement and a restricted stock unit award agreement (and / or such other agreements as may be required by

Ceridian HCM Holding) to be entered into between Executive and Ceridian HCM Holding . Each of the Equity Awards will vest twenty-five percent (25%) on the first four (4) anniversaries of the date of grant, subject to Executive's continued service through the applicable vesting date.

3.07 Signing Bonus . Executive will be entitled to a one-time signing bonus in the amount of Two Hundred Thousand Dollars (\$200,000.00) USD, (less applicable statutory withholdings as required by law), which will be paid to Executive at the same time as the first regular payment of his Base Salary. Executive must be employed by Ceridian HCM at the time such bonus is to be paid in order to be entitled to receive it.

3.08 Deductions. Ceridian HCM shall be entitled to make such deductions and withholdings from Executive's remuneration as Ceridian HCM reasonably determines are by law required to be made, and as may be required by Executive's participation in any of the benefit programs described herein.

3.09 Indemnification and Insurance.

(a) In addition to any benefits provided under applicable law, Executive will be entitled to the benefits of those provisions of Ceridian HCM Holding's Certificate of Incorporation and By-Laws, as may be amended from time to time, which provide for indemnification of directors and officers of Ceridian HCM Holding (and no such provision shall be amended in any way to limit or reduce the extent of indemnification available to Executive as a director or officer of Ceridian HCM Holding). The rights of Executive under such indemnification obligations shall survive the termination of this Agreement and be applicable for so long as Executive may be subject to any claim, demand, liability, cost or expense, which the indemnification obligations referred to in this Section 3.09 are intended to protect and indemnify him or her against.

(b) Ceridian shall, at no cost to Executive, at all times include Executive, during the Term and for so long thereafter as Executive may be subject to any such claim, as an insured under any directors' and officers' liability insurance policy maintained by Ceridian, which policy shall provide such coverage in such amounts as the Board shall deem appropriate for coverage of all directors and officers of Ceridian HCM Holding.

**ARTICLE 4
EARLY TERMINATION**

4.01 Termination for Cause . Ceridian HCM may terminate this Agreement and Executive's employment immediately for Cause. For the purpose hereof " Cause " shall mean:

- (a) conduct by Executive involving theft or misappropriation of assets of Ceridian;
- (b) fraud, embezzlement or an indictable offense by Executive;
- (c) any material act of dishonestly, financial or otherwise, by Executive against Ceridian;
- (d) intentional violations of law by Executive involving moral turpitude;
- (e) any material violation of Ceridian's Code of Conduct and ethics policies by Executive;

(f) breach of Executive's obligations under any non-competition, non-solicitation or other similar restrictive covenant agreement made with any member of Ceridian ; or

(g) the continued failure by Executive to attempt in good faith to perform his or her duties as reasonably assigned to Executive pursuant to Section 2.02 of this Agreement, after receiving not less than 90 days written notice of such failure and a demand to rectify such failure (which notice specifically identifies the manner in which it is alleged Executive has not attempted in good faith to perform such duties).

4.02 Termination Without Cause. Ceridian HCM may terminate this Agreement and Executive's employment without Cause immediately upon written notice to Executive. In the event of termination of Executive's Employment pursuant to this Section 4.02 and subject to Section 4.06 and 4.07, compensation shall be paid to Executive as follows:

(a) a lump sum cash payment, payable within 30 days of Executive's last day of employment (subject to receipt of the general release of claims to be executed by the Executive as contemplated in Section 4.06 below), based on length of service, as follows:

Years of Service	Base Salary
0 through 7 (7 full years)	12 months
8 through 14 (14 full years)	15 months
More than 14	18 months

(b) a lump sum payment equal to a pro-rated portion of Executive's Incentive Plan compensation referenced in Section 3.02 above (at target level), if any, to which he or she would have become entitled for the fiscal year in which his or her termination occurs. Such amount will be paid to Executive at the same time as payments are made to other Ceridian HCM employees receiving payments under the Incentive Plan;

(c) reasonable executive-level outplacement services, not to exceed \$10,000 Dollars, in value for a period of up to 12 months following Executive's termination of employment (or if earlier, until the first acceptance by Executive of an offer of employment), to be provided through Ceridian HCM's preferred provider of such services;

(d) for a period of up to 6 months following the date of Executive's termination, or until Executive is no longer eligible for "COBRA" continuation coverage, whichever is earlier, and subject to Executive's valid election to continue health care coverage under Section 4980B of the Code (" **COBRA** "), Ceridian HCM will subsidize Executive's COBRA payment obligations, and the payment obligations of his covered family members (as long as they are qualified beneficiaries at the time of his termination and remain qualified beneficiaries in accordance with the terms and conditions of the benefit plan).

4.03 Termination by Executive upon Written Notice. Executive may terminate this Agreement and his or her employment at any time and for any reason on at least 90 days' prior written notice to Ceridian HCM, or such shorter period of notice as may be accepted by Ceridian HCM in writing. Ceridian HCM shall be entitled to waive entirely, or abridge, such notice period, without being required to pay Executive any severance payment in lieu or other compensation in respect of such notice period.

4.0 4 Termination i n t he Event of Death or Disability . This Agreement and Executive 's employment shall terminate in the event of death or Disability of Executive , in which case the following will apply:

(a) In the event of Executive's Disability, Base Salary shall be terminated as of the end of such period that Executive is unable to perform his or her duties on a full-time basis and that establishes that Executive suffers from a Disability pursuant to the Disability Plan;

(b) In the event of termination by reason of Executive's death or Disability, and subject to Sections 4.06 and 4.07, Ceridian HCM shall pay to Executive a prorated portion of the Incentive Plan compensation (at target level), if any, to which Executive would otherwise have become entitled for the fiscal year in which his or her death or Disability occurs had Executive remained continuously employed for the full fiscal year, calculated by multiplying such Incentive Plan compensation by a fraction, the numerator of which is the number of days in the applicable fiscal year through the date of termination and the denominator or which is 365. The amount payable pursuant to this Section 4.04(b) shall be paid within 15 days after the date such Incentive Plan would have otherwise been paid had Executive remained employed for the full fiscal year; i.e. the payout date for all other Ceridian employees and executives.

4.05 Termination for Good Reason . Executive may terminate his employment with Ceridian for Good Reason (in accordance with the notice requirements set forth herein) and receive the compensation set out in Section 4.02.

4.06 Entire Termination Payment. The compensation provided for in this ARTICLE 4 for termination of this Agreement and Executive's employment pursuant to Sections 4.02, 4.03 or 4.04 shall constitute Executive's sole remedy for such termination. Executive shall not be entitled to any other notice of termination, or termination or severance payment which otherwise may be payable to Executive under common law, case law, statute, in equity or other agreement between Executive and Ceridian HCM, and he or she shall have no action, cause of action, claim or demand against Ceridian HCM, Ceridian HCM or any other Ceridian Affiliate or any other Person as a consequence of such termination. It shall be a condition of the payment of the compensation provided for in this ARTICLE 4 that Executive shall timely execute a general release of claims in a form reasonably satisfactory to Ceridian and not revoke the release in the time provided to do so. Ceridian HCM shall provide Executive with a form of release not later than five days following the Executive's termination of employment and Executive must execute and deliver the release within 21 days following the date Ceridian HCM delivers the release to the Executive or such other period as established by applicable law.

4.07 Return of Records upon Termination. Upon termination of Executive's employment with Ceridian HCM for any reason whatsoever, all documents, records, notebooks, and similar repositories of, or containing, trade secrets or intellectual property of Ceridian, or any Confidential Information, then in Executive's possession or control, including copies thereof, whether prepared by Executive or others, will be promptly returned to or left with Ceridian.

4 .08 Code Section 409A . It is the parties' intention that payments under this ARTICLE 4 will be exempt from the requirements of Section 409A of the Code (" **Section 409A** ") because they are short term deferrals under Treas. Reg. Sec. 1.409A-1(b)(4) or payments under a separation pay plan within the meaning of Treas. Reg. Sec. 1.409A-1(b)(9) and the Agreement shall be construed and administered in a manner consistent with such intent. If any payment is or becomes subject to the requirements of Section 409A, the Agreement, as it relates to such payment, is intended to comply with the requirements of Section 409A. Further, any payments that are subject to the requirements of Section 409A may be accelerated or delayed only if and to the extent otherwise permitted under Section 409A. All payments to be made under the Agreement upon a termination of employment may only be made upon a "separation of service" as defined under Section 409A and any "separation from service" shall be treated as a termination of employment. If the provision of a benefit or a payment is determined to be subject to Section 409A, then, if Executive is a "specified employee" within the meaning of the Treasury Regulations issued pursuant to Section 409A as of Executive's date of termination, no amount that constitutes a deferral of compensation that is payable on account of the Executive's separation from service shall be paid to Executive before the date that is the first day of the seventh month after Executive's date of termination or, if earlier, the date of Executive's death (the "**delayed payment date**"). All such withheld amounts will be accumulated and paid, without interest, on the delayed payment date.

ARTICLE 5 CONFIDENTIALITY AND ETHICS

5.01 Confidentiality . Executive acknowledges Ceridian's representation that it has taken reasonable measures to preserve the secrecy of its Confidential Information. Executive will not, during the term or after the termination or expiration of this Agreement or his or her employment, publish, disclose, or utilize in any manner any Confidential Information obtained while employed by Ceridian HCM, except that, during Executive's employment, Executive shall be entitled to use and disclose Confidential Information (i) as reasonably required to perform Executive's duties as an employee of Ceridian, and (ii) in the reasonable conduct of the business and Executive's role within the business. If Executive leaves the employ of Ceridian, Executive will not, without Ceridian's prior written consent, retain or take away any drawing, writing or other record in any form containing any Confidential Information. Further, Executive agrees to comply with the terms and conditions of Ceridian's Privacy Guidelines & Pledge of Confidentiality, the terms of which are attached hereto as **Appendix A** and are incorporated herein by reference and form a part of this Agreement.

5.02 Business Conduct and Ethics . During the Term, Executive will engage in no activity or employment which may conflict with the interest of Ceridian, and will comply with Ceridian's policies and guidelines pertaining to business conduct and ethics.

5.03 Policies . Executive agrees to follow the policies and procedures established by Ceridian from time to time.

ARTICLE 6
INTELLECTUAL PROPERTY RIGHTS, DISCLOSURE
AND ASSIGNMENT

6.01 Disclosure. Executive will disclose promptly in writing to Ceridian all inventions, improvements, discoveries, software, writings and other works of authorship which are conceived, made, discovered, or written jointly or singly on Ceridian time or on Executive's own time, providing the invention, improvement, discovery, software, writing or other work of authorship is capable of being used by Ceridian in the normal course of business. All such inventions, improvements, discoveries, software, writings and other works of authorship shall belong solely to Ceridian immediately upon conception, development, creation, production or reduction to practice, and Executive hereby waives any and all moral rights that he or she may have therein.

6.02 Instruments of Assignment. Executive will sign and execute all instruments of assignment and other papers to evidence transfer of Executive's entire right, title and interest in such inventions, improvements, discoveries, software, writings or other works of authorship in Ceridian, at the request and the expense of Ceridian, and Executive will do all acts and sign all instruments of assignment and other papers Ceridian may reasonably request relating to applications for patents, patents, copyrights, and the enforcement and protection thereof. If Executive is needed, at any time, to give testimony, evidence, or opinions in any litigation or proceeding involving any patents or copyrights or applications for patents or copyrights, both domestic and foreign, relating to inventions, improvements, discoveries, software, writings or other works of authorship conceived, developed or reduced to practice by Executive, Executive agrees to do so, and if Executive leaves the employ of Ceridian, Ceridian shall pay Executive at a rate mutually agreeable to Executive and Ceridian, plus reasonable traveling or other expenses.

6.03 Ceridian's IP Development Agreement. Without limiting the generality of the foregoing, Executive agrees to comply with the terms and conditions of Ceridian's Intellectual Property Agreement as amended from time to time, the current terms of which are attached hereto as **Appendix B** and are incorporated herein by reference and form a part of this Agreement.

ARTICLE 7
NON-COMPETITION, NON-RECRUITMENT, NON-DISPARAGEMENT

7.01 General . The parties hereto recognize and agree that (a) Executive is a senior executive of Ceridian, (b) Executive has received, and will in the future receive substantial amounts of Confidential Information (c) Ceridian's business is conducted on a worldwide basis and, (d) provision for non-competition, non-recruitment and non-disparagement obligations by Executive is critical to Ceridian's continued economic well-being and protection of Ceridian's Confidential Information. In light of these considerations, this ARTICLE 7 sets forth the terms and conditions of Executives obligations of non-competition, non-recruitment and non-disparagement subsequent to the termination of this Agreement and/or Executive's employment for any reason.

7.02 Non-competition. During the term of this Agreement, Executive will devote full time and energy to furthering Ceridian's business and will not pursue any other business activity, excepting charitable, religious, or civic volunteer efforts, without Ceridian's written consent. Unless the obligation is waived or limited by Ceridian in accordance this Section 7.02, Executive agrees that during the Restrictive Period, Executive will not directly or indirectly, alone or as a partner, officer,

director, shareholder or an employee, engage in any commercial activity on behalf of any of the following (and / or their respective affiliates): Workday Inc., Automatic Data Processing, Inc. , Ultimate Software Inc., SAP Success Factors (SAP America Inc.), and Kronos Incorporated. For purposes of this subsection, “shareholder” shall not include beneficial ownership of less than five percent (5%) of the combined voting power of all issued and outstanding voting securities of a publicly held corporation whose stock is traded on a major stock exchange. For the avoidance of doubt “Ceridian’s business” as used herein shall include business conduct by any Ceridian Affiliate and any partnership or joint venture in which Ceridian or its Affiliates is a partner or joint venture r .

7.03 Non-Recruitment . During the term of employment and during the Restrictive Period, Executive will not directly or indirectly hire any of Ceridian’s employees, or solicit any of Ceridian’s employees for the purpose of hiring them or inducing them to leave their employment with Ceridian, nor will Executive own, manage, operate, join, control, consult with, participate in the ownership, management, operation or control of, be employed by or be connected in any manner with any person or entity which engages in the conduct prescribed in this Section 7.03. This provision shall not preclude Executive from responding to a request (other than by Executive’s employer) for a reference with respect to an individual’s employment qualifications. Nothing in this Section shall prohibit Executive from making general solicitations for employment by means of advertisements, public notices, or internal or external websites or job search engines.

7.04 Non-Disparagement . Executive will not, during the term or after the termination or expiration of this Agreement or Executive’s employment, make disparaging statements, in any form, about Ceridian, its officers, directors, agents, employees, products or services which Executive knows, or has reason to believe, are false or misleading.

7.05 Survival and Enforceability . The obligations of this ARTICLE 7 shall survive the termination or expiration of this Agreement and Executive’s employment. Should any provisions of this ARTICLE 7 be held invalid or illegal, such illegality shall not invalidate the whole of this ARTICLE 7 or the agreement, but, rather, ARTICLE 7 shall be construed as if it did not contain the illegal part or narrowed to permit its enforcement, and the rights and obligations of the parties shall be construed and enforced accordingly. In furtherance of and not in limitation of the foregoing, Executive expressly agrees that should the duration of or geographical extent of, or business activities covered by, any provision of this ARTICLE 7 be in excess of that which is valid or enforceable under applicable law, then such provisions should shall be construed to cover only that duration, extent or activities that may validly be covered. Executive expressly stipulates that this ARTICLE 7 shall be construed in a manner that renders its provisions valid and enforceable to the maximum extent (not exceeding its expressed terms) possible under applicable law. This ARTICLE 7 does not replace and is in addition to any other agreements Executive may have with Ceridian on the matters addressed herein.

**ARTICLE 8
GENERAL PROVISIONS**

8.01 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Ceridian HCM, whether by way of merger, consolidation, operation of law, assignment, purchase or other acquisition of substantially all of the assets or business of Ceridian HCM, and Ceridian HCM shall take all available steps to ensure that any such successor or assign shall absolutely and unconditionally assume all of Ceridian HCM's obligations hereunder.

8.02 Notices. All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at the addresses set forth in the signature blocks below. Either party may, by notice hereunder, designate a changed address. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the second business day thereafter or when it is actually received, whichever is sooner.

8.03 Survival. The obligations of Subsection 3.09(a), Section 5.01, ARTICLE 6 and ARTICLE 7 shall survive the expiration or termination of this Agreement and Executive's employment.

8.04 Captions. The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

8.05 Governing Law. The laws of the State of Minnesota will govern the validity, construction and performance of this Agreement.

8.06 Construction. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Subject to applicable law, if there is a conflict or inconsistency between the terms of this Agreement and applicable law, the terms of this Agreement will govern to the extent of that conflict or inconsistency, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.07 Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be conclusively deemed to be severable and to have been severed from this Agreement and the balance of this Agreement shall remain in full force and effect, notwithstanding such severance. To the extent permitted by law, each of the parties hereto hereby waives any law, rule or regulation that might otherwise render any provision of this Agreement invalid, illegal or unenforceable.

8.08 Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

8.09 Modification. Any changes or amendments to this Agreement must be in writing and signed by both parties.

8.10 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto in reference to all the matters herein agreed upon. This Agreement replaces in full all prior employment or change of control agreements or understandings of the parties hereto with respect to such subject matter, and any and all such prior agreements or understandings are hereby rescinded by mutual agreement.

8.11 Execution of Agreement. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterpart together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile copy or e-mailed .pdf of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering such copy shall deliver an original copy of this Agreement as soon as possible thereafter.

8.12 Taxes. Ceridian is authorized to withhold from any payments made hereunder and any other compensation payable to Executive in any capacity amounts of withholding and other taxes due or potentially payable in connection therewith, and to take such other action as Ceridian reasonable determines is advisable to enable Ceridian and Executive to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any payments made under this Agreement.

8.13 Currency . All payments made hereunder shall be in the currency of the United States.

8.14 Breach of Restrictive Covenants . Executive acknowledges and agrees that any breach by Executive of the restrictions set forth in ARTICLE 5 and ARTICLE 7 shall be considered a material breach of this Agreement entitling Ceridian to seek damages and pursue any additional rights or remedies as may be available to it at law or in equity.

8.15 Restrictive Period.

The Restrictive Period, as set forth below, is tied to Executive’s years of service, consistent with Executive’s lump sum cash payment calculation, as set forth in Section 4.02(a):

Years of Service	Restrictive Period
0 through 7 (7 full years)	12 months
8 through 14 (14 full years)	15 months
More than 14	18 months

At its sole option, Ceridian may, by written notice to Executive at any time within the Restrictive Period, waive or limit the time and/or terms of the restriction.

**ARTICLE 9
EXECUTIVE’S UNDERSTANDING**

9.01 Executive’s Understanding. Executive recognizes and agrees that he or she has read and understood all and each Article, Section and paragraph of this Agreement, and that he or she has received adequate explanations on the nature and scope of those Articles, Sections and paragraphs which he or she did not understand. Executive recognizes that he or she has been advised that the Agreement entails important obligations on his or her part, and recognizes that he or she has had the opportunity of consulting his or her legal adviser before signing the Agreement.

9 .02 Employment At-Will . Nothing in this Agreement is intended to establish any minimum period of the Executive's continuing employment, and such employment continues to be on an "at-will" basis , subject to the provisions for compensation and benefits payable to Executive upon termination in ARTICLE 4 . The Executive acknowledges that his or her employment with Ceridian HCM is terminable at will at any time by either party.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

CERIDIAN HCM, INC.

Per: /s/ David Ossip

Name: David Ossip
Title: Chief Executive Officer

EXECUTIVE

/s/ Erik Zimmer
Erik Zimmer

Address:

APPENDIX A

Privacy Guidelines & Pledge of Confidentiality

As an employee of Ceridian HCM, Inc. or one of its affiliates (collectively “**Ceridian**”), you will be in a position of trust and confidence, and will have access to and become familiar with Confidential Information (as that term is defined in the Employment Agreement to which this Appendix is attached) used by or in possession of Ceridian. The unauthorized disclosure to or unauthorized use by third parties of any Confidential Information, or your unauthorized use of such information, could seriously harm Ceridian’s business and cause monetary loss that would be difficult, if not impossible, to measure.

Ceridian is sensitive to the necessity of maintaining the confidentiality of Confidential Information. Ceridian recognizes both the inherent right to privacy of every individual and its obligation to preserve the confidentiality of Confidential Information kept in its files. Ceridian is also aware of the concerns about individual privacy and perceived possible abuses of Confidential Information kept in automated data banks and other forms. Ceridian has, therefore, established privacy guidelines to ensure the protection, to the best of Ceridian’s ability, of all Confidential Information in its possession, in whatever form it is kept, whether it be an automated data bank, manual (or paper) file, microfiche or any other form. Accordingly, all Confidential Information in the possession of Ceridian, whether from clients or from Ceridian’s own employees or contractors, must be handled and protected in accordance with the following principles:

1. The independent consideration which you shall be entitled to receive in consideration of agreeing to the terms of this document, shall consist of employment by Ceridian in accordance with Ceridian’s written offer of employment. You acknowledge that the foregoing independent consideration consists of real, bargained-for benefits to which you would have no entitlement but for your agreement to be bound by the terms set forth in this document. You further acknowledge that you were not entitled to receive the foregoing independent consideration prior to agreeing to the terms of this document. The terms of this document shall and do form an integral part of the terms of your employment with Ceridian, and shall be considered incorporated into the terms of your offer of employment and / or employment agreement with Ceridian.
 2. You acknowledge Ceridian’s representation that it has taken and intends to take reasonable measures to preserve the secrecy of its Confidential Information, including, but not limited to, requiring you to agree to the terms of this document, as a condition of and part of the terms of your employment with Ceridian. You will hold all Confidential Information in the strictest confidence, and will not directly or indirectly copy, reproduce, disclose or divulge, or permit access to or use of, or obtain any benefit from, the Confidential Information or directly or indirectly use the Confidential Information other than as (a) as reasonably required to perform your duties as an employee of Ceridian, or (b) in the reasonable conduct of the business and your role within the business. For greater certainty, you shall not use the Confidential Information directly or indirectly in any business other than the business of Ceridian, without the prior written consent of Ceridian. Confidential Information is the exclusive property of Ceridian or its Clients (as the case may be), and you will not divulge any Confidential Information to any person except to Ceridian’s qualified employees or advisers or other third parties with whom Ceridian has confidential business relations, and you will not, at any time, use Confidential Information for any purpose whatsoever, except as required to perform your duties as an employee of Ceridian or in the reasonable conduct of the business or your role within the business. Without limiting the generality of the foregoing, you acknowledge and agree that Confidential Information received from a Client is to be used only for the purposes intended by the Client when entering into an agreement with Ceridian, and will not be used for any other purpose. Confidential Information will only be kept for the limited period of time necessary for Ceridian to fulfil its obligations. Regardless of the reason for termination of your employment (and whether or not you or Ceridian terminate the employment relationship): (a) you will not after the term of your employment, disclose Confidential Information which you may learn or acquire during your employment to any other person or entity or use any Confidential Information for your own benefit or for the benefit of another; and (b) you will immediately deliver to Ceridian all property and Confidential Information in your possession or control which belong to Ceridian.
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3. You acknowledge that your breach of the terms of this document may cause irreparable harm to Ceridian and that such harm may not be compensable entirely with monetary damages. If you violate the terms of this document, Ceridian may seek injunctive relief or any other remedy allowed at law, in equity, or under the terms of this agreement. In connection with any suit by Ceridian hereunder, Ceridian shall be entitled to an accounting, and to the repayment of all profits, compensation, commissions, fees or other remuneration which you have realized, as a result of the violation of the terms of this agreement which is the subject of the suit. In addition to the foregoing, Ceridian shall be entitled to collect from you any reasonable attorney's fees and costs incurred by Ceridian in bringing any successful action against you or in otherwise successfully enforcing the terms hereof against you. You acknowledge and agree that nothing herein shall affect Ceridian's rights to bring an action in a court of law for any legal claim against any third party who aids you in violating the terms of this agreement or who benefits in any way from your violation hereof.
4. You understand and agree that the terms of this document shall apply no matter when, how or why your employment terminates and regardless whether the termination is voluntary or involuntary, and that the terms shall survive the termination of your employment.
5. If any one or more of the terms of this document are deemed to be invalid or unenforceable by a court of law, the validity, enforceability and legality of the remaining provisions will not, in any way, be affected by or impaired thereby; and, notwithstanding the foregoing, all provisions hereof shall be enforced to the extent that is reasonable.
6. Ceridian's decision to refrain from enforcing a breach of any term of this document will not prevent Ceridian from enforcing the terms hereof as to any other breach that Ceridian discovers and shall not operate as a waiver against any future enforcement of any part of this document, any other agreement with you or any other agreement with any other employee of Ceridian.
7. You hereby represent and agree with Ceridian that: (a) you are not bound or restricted by a non-competition agreement, a confidentiality or non-disclosure agreement, or any other agreement with a former employer or other third party, which would conflict with the terms of this offer; and (b) you will not use any trade secrets or other intellectual property belonging to any third party while performing services for Ceridian; and (c) you are of legal age, under no legal disability, have full legal authority to enter into this agreement and have had a reasonable and adequate opportunity to consult with independent counsel regarding the effect of this document, the sufficiency of the independent consideration provided to you, and the reasonableness of the restrictions set forth herein.

Ceridian employs a Privacy Officer who is charged with ensuring that Ceridian complies with all privacy-related obligations imposed by statute or contract. Any questions regarding the collection, use, access, disclosure, retention or destruction of Confidential Information should be directed to the Privacy Officer.

Adherence to the guidelines set out above is a requirement for continued employment with Ceridian. Material breaches of these guidelines may result in discipline up to and including dismissal, or in the case of contractors, cancellation of your contract with Ceridian.

APPENDIX B

Intellectual Property Agreement

In consideration of Ceridian HCM, Inc. or one of its affiliates (collectively “**Ceridian** ”) offering me employment, I hereby expressly acknowledge and agree as follows:

1.0 All Ceridian developments which I may solely or jointly author, conceive, or develop, or reduce to practice, or cause to be authored, conceived, or developed, or reduced to practice, during the term of my employment with Ceridian (collectively “ **Developments** ”) are the property of Ceridian. I will promptly make fullest disclosure to Ceridian of all Ceridian Developments. I further agree to execute such documents and do such things as Ceridian may reasonably require from time to time to assign to Ceridian all right, title, and interest in and to all Ceridian Developments, and agree, at Ceridian’s expense, during the term of my employment and thereafter, to execute any and all applications or assignments relating to intellectual property including patents, copyrights, industrial designs and trademarks, and to execute any proper oath or verify any proper document in connection with carrying out the terms of this agreement.

2.0 In the event Ceridian is unable for any reason whatsoever to secure my signature to any lawful and necessary documents relating to paragraph 1 hereof and to apply for, or to prosecute, any applications for letters patent, copyright, designs or trademarks (foreign or domestic) in respect to the Ceridian Developments, I hereby irrevocably designate and appoint Ceridian and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright, designs or trademarks thereon with the same legal force and effect as if executed by me.

3.0 At the time of leaving the employ of Ceridian I will deliver to Ceridian, and will not keep in my possession, nor deliver to anyone else, any and all information in any tangible form and all copies, partial copies, notes, summaries, records, descriptions, drawings, reports and other documents, data or materials of or relating to the Ceridian Developments or which contain or make reference to the Ceridian Developments, in my possession or control.

4.0 I hereby waive for the benefit of Ceridian and, where legally possible, assign to Ceridian any moral rights I have, or may in the future have, in any Ceridian Developments.

5.0 This agreement shall extend to and endure to the benefit of the successors and assigns of Ceridian and shall be binding upon me and my heirs, executors, administrators, successors and assigns.

SEPARATION and CONSULTING AGREEMENT

THIS AGREEMENT made as of the 7th day of August, 2018 (the “*Effective Date*”).

AMONG:

CERIDIAN CANADA LTD. (“*Ceridian Canada*”)
and CERIDIAN HCM HOLDING INC. (“*Ceridian Holding*”)
 - and -

PAUL ELLIOTT
 (hereinafter “*Elliott*”)

WHEREAS:

- A. Ceridian Canada is a corporation incorporated pursuant to the federal laws of Canada, carrying on business in Canada of providing human capital management software and services;
- B. Ceridian Holding is a Delaware corporation and the indirect parent company of Ceridian Canada;
- C. Elliott is currently President and Chief Operating Officer (“*COO*”) of Ceridian Canada, Ceridian Holding and certain other affiliates of Ceridian Holding (Ceridian Canada, Ceridian Holding and their respective affiliates are collectively referred to as “*Ceridian*”);
- D. Ceridian and Elliott have mutually agreed that Elliott’s employment with Ceridian will change as follows:
 - 1. effective as of the Effective Date, Elliott will no longer be the President, but will remain as Ceridian’s COO until the Employment Separation Date (as defined below); and
 - 2. from and after the Employment Separation Date, Elliott will cease to be an employee of Ceridian, but will continue providing Consulting Services (as defined below) during the Consulting Term (as defined below);

THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained to be performed, the parties agree as follows:

Section 1. Definitions

1.01 As used in this Agreement:

- (a) “*Agreement*” means this Agreement and any schedules hereto, as may be amended in writing by both parties;
 - (b) “*Confidential Information*” means any information identified by Ceridian or a Customer as “Confidential” and/or “Proprietary”, or which, under the circumstances, ought to be treated as confidential or proprietary including, without limitation, non-public information related to Ceridian or the Customer’s business (as the case may be), employees, service methods, software, documentation, financial information, prices and product plans, whether in written, verbal, or electronic form, but does not include information which Elliott can establish: (i) has become generally available to the public other than as a result of a breach of the Agreement by Elliott or any third party to whom Elliott has disclosed same; (ii) was disclosed to Elliott on a non-confidential basis by a third party who did not owe an obligation of confidence to Ceridian or a Customer (as the case may be) with respect to the disclosed information; or (iii) was known by Elliott prior to its receipt from Ceridian or a Customer (as the case may be), as evidenced by written document;
 - (c) “*Consulting Services*” means general business consultation services to be provided by Elliott hereunder as may be requested from time to time by Ceridian during the Consulting Term, and in
-

particular (but without limitation) with respect to the operations and customer support areas of the business;

- (d) “ *Consulting Term* ” means period of time from the Employment Separation Date to and including June 30, 2020;
- (e) “ *Customer(s)* ” means any party who has entered into an agreement with Ceridian for the supply by Ceridian of products or services, or any party with whom Ceridian is actively engaged in an effort to enter into such agreement;
- (f) “ *Employment Agreement* ” means the written employment agreement entered into between Elliott and Ceridian Canada dated April 20, 2016;
- (a) “ *Employment Laws* ” means the *Income Tax Act* (Canada), the *Canada Pension Plan Act* , the *Employment Insurance Act* (Canada) and any other federal, provincial or municipal legislation now or hereafter in existence applicable to the relationship between employees and employers;
- (b) “ *Employment Separation Date* ” means the day on which Elliott’s employment with Ceridian ceases, as contemplated in Section 2.01 below;
- (c) “ *Personal Information* ” means information about an identifiable individual or allowing an individual to be identified, including any information relating to the employees of Ceridian or a Customer;
- (d) “ *Restrictive Covenants* ” means collectively the following:
 - (i) the Non-Competition, Non-Recruitment, and Non-Disparagement provisions stated at Sections 7.02, 7.03, and 7.04 of the Employment Agreement; and
 - (ii) the Non-Competition, No-Hire and Non- Solicitation Restrictions as stated in the Plans (as defined below) and / or the corresponding written Notice(s) of Option Grant under which any Stock Options were granted to Elliott;
- (e) “ *Stock Options* ” means those outstanding stock option awards granted to Elliott as identified in written option grant notice(s), issued under the 2013 Ceridian HCM Holding Inc. Stock Incentive Plan, as may have been amended from time to time (the “ *2013 Plan* ”), and the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan, as may be amended (the “ *2018 Plan* ”, the 2013 Plan and 2018 Plan are collectively referred to herein as the “ *Plans* ”); and
- (f) “ *Work Product* ” means models, devices, reports, computer programs, tooling, schematics and other diagrams, instructional materials, and anything else Elliott produces in the course of providing the Consulting Services.

Section 2. Change in Roles and Responsibilities; Separation from Ceridian

2.01 The parties agree that:

- (a) as of the Effective Date, Elliott shall no longer be the President of Ceridian, and shall thereafter only have responsibility for performing his roles and responsibilities as COO of Ceridian; and
- (b) as of May 1, 2019 (“ *Employment Separation Date* ”), Elliott’s employment with Ceridian will cease, and thereafter Elliott shall continue performing services for Ceridian solely as consultant and independent contractor, on and subject to the terms set forth in Section 5 below.

Elliott hereby confirms that he has had adequate opportunity to ask Ceridian any questions regarding this Agreement and to discuss this Agreement with his financial and legal advisors, and any other persons he wished to consult (subject to the confidentiality obligations contained herein). Elliott further agrees that he has voluntarily decided to become a party to this Agreement, and understands it will be effective when it is executed by him. In order to receive all of the benefits of this Agreement, Elliott must execute the Release of Claims attached hereto as Schedule A on or after the Employment Separation Date, which covers the

period from the date of his execution of this Agreement until the Employment Separation Date (“ *Additional Release* ”). Regardless of whether or not this Agreement is executed, Elliott will be paid all salary or wages, vested and unused paid days off, and all other amounts to which he is entitled to by law accrued and owing as at the Employment Separation Date, less all legally required or authorized withholding.

2.02 Provided Elliott executes and delivers to Ceridian the Additional Release as contemplated in Section 2.01 above, Ceridian will pay Elliott an aggregate sum in the amount of Nine Hundred and Fifty Thousand Canadian Dollars (\$950,000.00 CAD), less applicable income tax and any and all wage-related withholdings and deductions required by law. Such amount will be paid in one lump sum payment within Ten (10) Business Days of receipt of the Additional Release signed by Elliott as contemplated in Section 2.01 above.

2.03 If and to the extent the Ceridian Board of Directors approves a bonus payout to employees under Ceridian’s Management Incentive Plan in respect of the calendar year 2019, Elliott will be entitled to receive a prorated portion of such bonus compensation to which he would have otherwise become entitled for the 2019 fiscal year, calculated by multiplying such bonus compensation by a fraction, the numerator of which is the number of days from January 1, 2019 through to and including the Employment Separation Date, and the denominator of which is 365. Any such bonus amount will be paid to Elliott at the same rate as the bonus achievement and payout percentage, and will be paid at the same time as, payments under the plan are made to other Ceridian employees. For the avoidance of doubt, Elliott will be entitled to receive the full amount of Ceridian’s Management Incentive Plan in respect of the calendar year 2018 (if and to the extent approved of by the Ceridian Board of Directors) in accordance with the terms of such plans and his Employment Agreement.

2.04 Ceridian will reimburse Elliott for reasonable executive-level outplacement and transition services (not to exceed \$12,000 CAD. This benefit cease on the earlier of: (a) when Elliott accepts an offer of employment from a third party; or (b) the first anniversary of the Employment Separation Date. Elliott may receive career transition services through his preferred provider of such service.

2.05 All issued and outstanding Stock Options granted to Elliott will be handled in accordance with the terms of the Plans, as applicable, and the option agreements governing such Stock Options and underlying shares.

2.06 All health, dental and other benefit plans in which Elliott and any of his dependents are currently enrolled will terminate at midnight on the anniversary of his Employment Separation Date.

2.07 All business travel accident, accidental death and dismemberment insurance, short-term and long-term disability, and other insurance coverage to which Elliott has been entitled as a Ceridian employee, will terminate at midnight on the Employment Separation Date.

2.08 Other than as explicitly set forth in this Agreement, the consideration and other benefits as set forth in this Section 2 will constitute the full amount of monies and other consideration to be paid to Elliott by Ceridian with respect to and in connection with the termination of his employment, including but not limited to (i) any amounts under Ceridian’s incentive or bonus programs for periods completed prior to or following the Separation Date, (ii) any amounts under the Employment Agreement, and (iii) any amounts owing or claimed to be owing to Elliott pursuant to the terms of any other compensation arrangement to which he was subject during the term of his employment with Ceridian.

Section 3. Engagement of Elliott as a Consultant

3.01 Provided Elliott signs Attachment A following his Employment Separation Date, then Ceridian agrees to engage Elliott as an independent contractor to perform the Consulting Services, and Elliott agrees to make himself reasonably accessible and available to Ceridian throughout the Consulting Term, on an independent

contractor/consulting basis to provide the Consulting Services as may be requested from time to time by Ceridian.

3.02 As consideration for the Consulting Services to be provided and as Elliott will continue to be providing services to Ceridian without interruption following the Employment Separation Date, Elliott will be permitted to keep his existing Stock Options, which Options shall continue under the same terms and conditions as provided under the Plans, as applicable, and the option agreements governing such Stock Options and underlying shares. Elliott's Stock Options shall continue to vest until the earlier of:

- (a) the expiration of the Consulting Term; or
- (b) the earlier termination of this Agreement in accordance with the written terms hereof.

However, and for the avoidance of doubt, in the event Elliott breaches any term of this Agreement (including without limitation, his obligations as set forth in Section 3.06 or Section 6, then in addition to any other rights or remedies Ceridian may have at law or in equity, the Consulting Services shall automatically terminate, this Section 3 shall become null and void, all Stock Options will be handled solely in accordance with the original terms of the Plans, as applicable, and the option agreements governing such Stock Options and underlying shares, and any Stock Options which may have vested during the Consulting Term shall immediately be forfeited.

3.03 The only consideration to which Elliott will be entitled for providing the Consulting Services is his ongoing rights to the Stock Options as set forth in Section 3.02 above. However, and for the avoidance of doubt, Ceridian shall reimburse Elliott for responsible and demonstrable expenses directly incurred in carrying out his responsibilities under this Agreement, which may include, by way of example only, reasonable travel expenses. Elliott shall not have the authority to charge any expenses to Ceridian without its prior approval, nor to execute any contracts or other documents on Ceridian's behalf.

3.04 During the Consulting Term, Elliott will be subject to the Restrictive Covenants.

3.05 In addition to the obligations set forth herein, Elliott shall comply at all times with Ceridian's security procedures in effect from time to time, as well as the terms and conditions of all Ceridian written policies, including without limitation, the following if and/or as applicable (copies of which Elliott acknowledges having been provided to him or made available to him):

Ceridian Code of Conduct

Privacy Policy

Security Standards / Requirements

Travel Policy

3.06 Elliott shall not, either during the course of the Consulting Term or thereafter, for any reason whatsoever, directly or indirectly:

- (a) disclose any Confidential Information to any person, firm or corporation other than for the purposes of providing the Consulting Services, and as authorized by Ceridian or the Customer (as the case may be) in advance; or
- (b) use for Elliott's own purpose, or for any purpose other than that of providing the Consulting Services, any Confidential Information which he acquires through his involvement with Ceridian or a Customer and through his contact with any person, firm or corporation affiliated with Ceridian or a Customer.

At all times Elliott shall act bona fide and in the best interests of Ceridian and the Customers.

3.07 Notwithstanding anything to the contrary, the Consulting Services may be terminated:

- (a) by Ceridian Canada for Cause (as that term is defined in the Employment Agreement), at any time during the Consulting Term without notice or pay in lieu thereof;
- (b) by Elliott, without Cause, by giving Ceridian Canada thirty (30) days advance written notice.

For the avoidance of doubt, to the extent Ceridian Canada is able to show Cause, Elliott shall be considered to have breached the Agreement for the purposes of Section 3.02. The Consulting Services shall also terminate

without notice or pay in lieu thereof in case of the death of Elliott, or by reason of illness or accident whereby Elliott is incapable of carrying out the terms and conditions of this Agreement for one (1) month, or upon the bankruptcy of either party.

3.08 On termination of this Consulting Services, Elliott shall:

- (a) forthwith deliver up all documents, papers, plans, materials and other property of or relating to the affairs of Ceridian and any Customers which may then be in his possession or under his control; and
- (b) immediately cease making any representation that he is associated with Ceridian or any Customers.

3.09 Elliott represents that he is and will at all times throughout the Consulting Term comply with all applicable legislation relating to privacy and the collection, use and disclosure of Personal Information.

3.10 During the Consulting Term, Elliott will not be an employee of Ceridian Canada or any other Ceridian entity, and will be considered an independent contractor, and accordingly Employment Laws will not apply to Elliott at any point during the term of the Consulting Services. Ceridian is interested only in the results obtained by Elliott who retains sole control of the manner and means of performing the Consulting Services, subject to its specific terms and conditions, and provided that he maintains standards generally accepted in the industry for such services.

3.11 All Work Product will belong to Ceridian, and Elliott will deliver all Work Product to Ceridian upon the earlier of the expiration/termination of the Consulting Services or Ceridian's request. Elliott will promptly disclose to Ceridian any works of authorship, including drawings, designs, plans, specifications, notebooks, tape recordings, computer programs, computer output, models, tracings, schematics, photographs, reports, findings, recommendations, educational materials, data and memoranda of every description and anything else Elliott produces in connection with the Consulting Services, and Elliott hereby assigns to Ceridian all copyrights in such works. To the extent permitted by law, Elliott waives any moral rights, such as the right to be named as author, the right to modify, the right to prevent mutilation and the right to prevent commercial exploitation, whether arising under the Berne Convention or otherwise. Elliott will sign any necessary documents and will otherwise assist Ceridian, at Ceridian's expense, in registering Ceridian's copyrights and otherwise protecting Ceridian's rights in such works in any country. Ceridian will own all patents, copyrights or trade secrets covering such materials and will have full rights to use the materials without claim on the part of Elliott for additional compensation. Elliott will not use any pre-existing intellectual property including any trade secret, invention, work of authorship, mask work or protectable design that has already been conceived or developed by anyone other than Ceridian in connection with the Consulting Services unless Elliott has the right to use it for Ceridian's benefit.

Section 4. Release of Claims Against Ceridian; Waivers

4.01 In consideration of the terms and conditions of this Agreement, Elliott hereby fully and completely releases and discharges Ceridian, and all present and former subsidiaries, parents and affiliated corporations, and all of their respective directors, officers, agents, employees, trustees, insurers, attorneys, employee benefit plans and their fiduciaries, and each of their successors and assigns (collectively, the "*Released Parties*"), from any and all claims, complaints, agreements, obligations, demands and causes of action which he has or may have and which are known or unknown, arising out of any actions, conduct, decisions, behavior or events occurring up to the date of execution of this Agreement or in any way connected with his employment relationship with Ceridian, his separation from employment from Ceridian, or his entering into this Agreement. Elliott further understands that he must execute the Additional Release upon or after the Employment Separation Date in order to receive all of the benefits of this Agreement, including without limitation, being engaged as a consultant for the Consulting Term (and accordingly the benefit of further Stock Options potentially vesting). This Agreement, and the release of claims it contains, specifically covers, but is not limited to, any and all claims, complaints, causes of action or demands that Elliott has or may have against the Released Parties relating in any way to the terms, conditions and circumstances of his employment up to and including the date of his signature below, whether based on statutory or common law, for employment

discrimination or other violations of law, or any state's human rights act, including but not limited to claims under the *Employment Standards Act* or the *Human Rights Act*.

Section 5. Re-Affirmation and Acknowledgement of Prior Restrictive Covenants

5.01 As partial consideration for Ceridian entering into the Employment Agreement, and in consideration of Ceridian granting Elliott the Stock Options, Elliott voluntarily signed and agreed to the Restrictive Covenants. In this regard, Elliott hereby re-affirms the validity and enforceability of the Restrictive Covenants, and agrees that such terms remain in full force and effect following execution of this Agreement. Elliott further agrees never to seek to argue or assert that the Restrictive Covenants are not enforceable against him.

5.02 In addition to the Restrictive Covenants, Elliott further agrees as follows:

- (a) not to intentionally make, cause or attempt to cause any other person to make, any statements, either written or oral, or convey any information about Ceridian that is disparaging or reflects negatively upon Ceridian; and
- (b) to provide, at Ceridian's reasonable request, and for no additional consideration, reasonable assistance and cooperation with respect to any legal matter involving Ceridian, including without limitation, any litigation and/or any business matter related to his position, function or responsibilities during his employment with Ceridian or while providing Consulting Services to Ceridian; provided however that in the event the assistance and cooperation requested by Ceridian requires him to incur costs or expend monies, or otherwise results in a material financial cost, Ceridian will reimburse or otherwise compensate Elliott for the reasonable amount of such costs or expended monies.

Section 6. Miscellaneous Provisions

6.01 Except to the extent the Employment Agreement is amended by this Agreement and continues in force until the Employment Separation Date:

- (a) any and all previous agreements, written or oral, between the parties or on their behalf relating to the employment (or cessation of employment) by Ceridian of Elliott, are hereby terminated and cancelled; and
- (b) this Agreement will constitute the whole agreement between the parties with respect to Ceridian's engagement of Elliott as an independent contractor to provide the Consulting Services from and after the Employment Separation Date, and any and all previous agreements, written or oral, between the parties or on their behalf relating to the Consulting Services are hereby terminated and cancelled,

and each of the parties releases and forever discharges the other of and from all manner of actions, causes of action, claims and demands whatsoever under or in respect of any such prior agreements. No modifications, amendments or variations of the Agreement shall be effective or binding unless agreed to in writing and properly executed by the parties.

6.02 This Agreement shall not be assignable by Elliott except by the written consent of Ceridian, and Elliott covenants and agrees that the Consulting Services shall be performed by him personally throughout the term of this Agreement.

6.03 It is understood and agreed that either party may waive any provision of this Agreement intended for such party's sole benefit, but it is further agreed that any waiver of the performance of any condition by the other party shall not constitute a continuing waiver of any other or subsequent default, but shall include only the particular breach or default so waived.

6.04 If any covenant or agreement herein is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the enforceability or validity of any other covenant or agreement of this Agreement or any part thereof, and any such covenant or agreement may be severed from this Agreement without affecting the remainder of the Agreement.

6.05 This Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of Ontario and all federal laws applicable therein.

6.06 This Agreement was prepared by the solicitors for Ceridian. Elliott represents by signing this Agreement that he has been given the full opportunity to obtain such independent legal and other advice as required to allow him to enter this Agreement, and accordingly the Agreement shall not be construed in favor of or against either party by reason of or to the extent to which any party or its legal counsel participated in its preparation.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties as of the date written above.

CERIDIAN CANADA LTD.

Per: /s/ Scott Kitching

Name: Scott Kitching

Title: EVP and General Counsel

I have the authority to bind the
company

CERIDIAN HCM HOLDING INC.

Per: /s/ Scott Kitching

Name: Scott Kitching

Title: EVP and General Counsel

I have the authority to bind the
company

)
)
)
)

/s/ Paul Elliott

PAUL ELLIOTT

Witness Signature

Print Name:

**SCHEDULE A
RELEASE**

I, Paul Elliott, for the consideration of the amounts set out in the written agreement titled "Separation Agreement, Release and Consulting Agreement" made amongst the undersigned, Ceridian Canada Ltd. ("Ceridian Canada") and Ceridian HCM Holding Inc. ("Ceridian Holding"), with an effective date of August 7, 2018, and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, do hereby remise, release and forever discharge Ceridian Holding, Ceridian Canada, and all of their respective affiliates, officers, directors, employees and agents (hereinafter collectively referred to as the "Releasees") of and from all actions, causes of action, debts, demands, dues, bonds, accounts, covenants, contracts and claims whatsoever which I ever had, now have or which I can, shall or may hereafter have for or by reason of any cause, matter or thing whatsoever existing up to the present time, including without limiting the generality of the foregoing any actions, causes of action, suits, debts, demands, or claims relating to my employment or the termination of my employment with any of the Releasees. I also agree not to make any claim or take any proceedings in respect of the claims released against any person, corporation or other entity who or which might claim contribution or indemnity from the Releasees.

I hereby specifically covenant, represent and warrant to the Releasees that I have no further claim against the Releasees for or arising out of my employment or cessation of employment which specifically includes any claims for notice of termination, pay instead of notice, severance pay, incentive compensation, interest and/or vacation pay or claims under *The Employment Standards Act* or *The Human Rights Code*, or the equivalent statutes applicable in my province of employment. I also acknowledge that the monies paid to me include any severance pay and notice pay to which I am entitled under *The Employment Standards Act* or the equivalent statute in my province of employment. In the event that I should hereafter make any claim or demand or commence or threaten to commence any action, claim or proceeding against the Releasees for or by reason of any cause, matter or thing, this document may be raised as a complete bar to any such claim, demand or action.

I will not disclose the terms of the settlement or its existence to any person or corporation except for the purposes of dealing with Canada Revenue Agency (CRA), with a professional legal or financial advisor who agrees to be and is, professionally bound by confidentiality, or otherwise as required by law.

I agree to indemnify the Releasees and save them harmless from any and all income tax, employment insurance or Canada Pension Plan charges or payment that may be claimed by either the Receiver General of Canada or CRA in respect of any failure on your part to withhold such charges or payments after said, and in the event that any proceedings are commenced against the Releasees, I agreed to indemnify them and save them harmless from any money that might be required to be paid by either CRA or the Receiver General of Canada or by any Court. However, and for the avoidance of doubt, I will not be required to indemnify the Releasees for any fines or penalties assessed by the Receiver General of Canada or CRA to the extent arising as a result of any negligent error or omission on the part of Ceridian Canada or any Releasee, and in such case shall only be required to indemnify for the actual principal amount of income tax, employment insurance or Canada Pension payable to such agencies.

I have read the above Release and have had the opportunity to obtain independent legal advice. I understand that it contains a full and final release of all claims that I have or may have against the Releasees and that there is no admission of liability on the part of the Releasees and that any such liability is denied.

All of the foregoing shall ensure to the benefit of the Releasees, their successors and assigns, and be binding upon me and my respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF I have duly executed this Release this 7th day of August, 2018.

_____)
_____)
_____)
_____)

Witness Signature
Print Name:

/s/ Paul Elliott

PAUL ELLIOTT

CERTIFICATIONS

I, David D. Ossip, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted];
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2018

By: /s/ David D. Ossip
David D. Ossip
Chief Executive Officer

CERTIFICATIONS

I, Arthur Gitajn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted];
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2018

By: /s/ Arthur Gitajn
Arthur Gitajn
Executive Vice President and
Chief Financial Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Ceridian HCM Holding Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: October 29, 2018

By: /s/ David D. Ossip
David D. Ossip
Chief Executive Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Executive Vice President and Chief Financial Officer of Ceridian HCM Holding Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: October 29, 2018

By: /s/ Arthur Gitajn
Arthur Gitajn
Executive Vice President and Chief Financial Officer