

THE ULTIMATE SOFTWARE GROUP, INC.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
AMENDED AND RESTATED CHARTER

I. PURPOSE:

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by: reviewing the financial reports and other financial information provided by the Corporation to the shareholders, any governmental body or the public; reviewing the Corporation's systems of internal controls regarding finance and accounting that management and the Board of Directors have established; selecting and reviewing the performance of independent accountants and overseeing the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

II. COMPOSITION AND ORGANIZATION:

The Audit Committee shall be composed of three or more directors appointed by the Board of Directors, each of whom shall be independent as required by Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules adopted thereunder by the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc ("NASD") corporate governance rules.

All members of the Committee shall be able to read and understand fundamental financial statements; including the Corporation's balance sheet, income statement and cash flow statement. At least one member of the Audit Committee shall satisfy the applicable Nasdaq financial sophistication requirement pursuant to NASD Rule 4350(d)(2). and qualify as an audit committee financial expert pursuant to Item 401(h) of Regulation S-K. In addition, no member of the Committee shall have participated in the preparation of the Corporation's financial statements (or any subsidiary) at any time during the past three years.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee will meet at least annually with management and the independent accountants in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately.

III. RESPONSIBILITIES AND DUTIES:

To fulfill its responsibilities and duties, the Committee shall:

1. Review and assess the adequacy of this Charter periodically, at least annually, as conditions dictate.
2. Review the Corporation's annual and quarterly financial statements, quarterly earnings press releases, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any material reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent accountants. If deemed appropriate, recommend to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year.
3. Review with financial management and the independent accountants each Form 10-Q and Form 10-K prior to its filing. The Chair of the Committee may represent the entire Committee for purposes of such review.
4. Prepare a report for inclusion in the Corporation's annual Proxy Statement that describes the Committee's responsibilities and how they were discharged and that otherwise meets the requirements of all relevant rules and regulations promulgated by the SEC.
5. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent accountants engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation. The independent accountants shall report directly to the Committee.
6. Pre-approve all audit services and permissible non-audit services by the independent accountants, as set forth in Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC. The Committee may establish pre-approval policies and procedures, as permitted by Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC, for the engagement of independent accountants to render services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approvals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.
7. Obtain on an annual basis a formal written statement from the independent accountants delineating all relationships between the accountants and the Corporation, consistent with Independence Standards Board Standard 1. Review and discuss this statement and actively engage in a dialogue with the accountants to determine the accountants' independence with respect to any

disclosed relationship or services that may impact their objectivity and independence. If necessary, take appropriate action, or recommend that the Board of Directors take appropriate action in response to the accountants' written statement to ensure the accountants' independence.

8. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.
9. In consultation with the independent accountants, review the scope, adequacy and effectiveness of the Corporation's financial reporting processes, including the surrounding internal controls over financial reporting.
10. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
11. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants or management.
12. Establish regular and separate systems of reporting to the Committee by management and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
13. Following completion of the annual audit, review separately with management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
14. Review and resolve any disagreement between management and the independent accountants regarding financial reporting.
15. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee or the Board of Directors, have been implemented.
16. Review, with the Corporation's general counsel, legal compliance matters including corporate securities trading policies.
17. Review, with the Corporation's general counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
18. Have the power to conduct or authorize investigation into any matters within the Committee's scope of responsibility. The Committee shall be empowered

to engage and determine funding for independent counsel, accountants and other advisors, as it determines necessary to carry out its duties. The Corporation shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the independent accountants for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

19. Conduct an appropriate review of all related party transactions as defined in Item 404 of Regulation S-K for potential conflict of interest situations on an ongoing basis and approve all such transactions.
20. Establish policies for the hiring of employees and former employees of the independent auditor.
21. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

IV. COMMUNICATION PROCEDURES:

Any communication or complaints by the Corporation or its employees regarding questionable accounting or auditing matters may be submitted confidentially and anonymously to the Chairman of the Audit Committee, The Ultimate Software Group, Inc., 2000 Ultimate Way, Weston, Florida 33326.