

CERIDIAN

Charter of the Audit Committee

I. Purpose.

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to:

- The integrity of the Company's financial statements.
- The Company's compliance with legal and regulatory requirements.
- The Company's independent auditor's qualifications and independence.
- The performance of the Company's internal audit function and independent auditors.

The Committee reports to the Board of Directors of the Company.

II. Composition and Organization.

The Committee shall be comprised of three or more directors as determined and appointed by the Board, one of whom shall be appointed as Chair of the Committee. Each of members of the Committee shall be independent, financially literate, have sufficient financial experience and ability to enable them to discharge their responsibilities as may be required by applicable law, rules and regulations (including, but not limited to, Rule 10A-3 of the Securities and Exchange Act of 1934, as amended) and The New York Stock Exchange listing requirements. At least one member shall have accounting or related financial management expertise that is sufficient to be determined to be an "audit committee financial expert." No member of the Committee may serve on the audit committees of more than three public companies.

The Committee shall meet at least four times annually or more frequently as circumstances dictate or are necessary to satisfy the Committee's responsibilities and duties set forth in Section III of this Charter. The Chair shall prepare and/or approve an agenda in advance of each meeting. At regularly scheduled meetings, the Committee shall meet privately and separately in executive session with senior management, the senior internal audit executive, the independent auditors, and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

The Committee may delegate any of its responsibilities to one or more subcommittees comprised of members of the Committee.

Committee members shall be compensated by the Company solely in the form of director's fees. As such, no member of the Committee may accept directly or indirectly

any consulting, advisory, or other compensatory fee from the Company or any of its subsidiaries.

III. Responsibilities and Duties.

The following shall be the principal responsibilities and duties of the Committee:

A. Financial Information

1. Review with management and the independent auditors the financial information to be included in the Company's Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of the Form 10-K), including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls. The Committee shall also discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards, including matters required to be discussed by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90. The Committee may discuss with the national office of the independent auditors issues on which it was consulted by the Company's audit team and matters of audit quality and consistency. Based on such review and discussion, the Committee shall make a determination whether to recommend to the Board of Directors that the audited financial statements be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditors the quarterly financial information to be included in the Company's Quarterly Reports on Form 10-Q, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and shall discuss any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards, applicable law or listing standards. The Committee shall also discuss the results of the independent auditors' review of the Company's quarterly financial information conducted in accordance with Statement on Auditing Standards No. 71.
3. Review and discuss with management the Company's earnings press releases and financial information and earnings guidance periodically provided to analysts and rating agencies (which may consist of a discussion of the types of information to be provided and types of presentations to be made) to the extent required by applicable law or listing standards.
4. Review with the Chief Executive Officer, the Chief Financial Officer and the General Counsel, the Company's disclosure controls and procedures and shall review periodically, but in no event less frequently than quarterly, management's conclusions about the efficacy of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.

B. Independent Auditors

1. Sole authority to appoint, retain, compensate, evaluate and terminate the independent auditors. The independent auditors shall report directly to the Committee. The Committee shall engage the independent auditors, including in connection with any non-audit services, and oversee, evaluate and, where appropriate, replace the independent auditors. The Committee shall approve the fees paid to the independent auditors, including fees paid in connection with any non-audit services.
2. Approve guidelines for the retention of the independent auditors for any non-audit service and the fee for such service and shall determine procedures for the approval of audit and non-audit services in advance. The Committee shall, in accordance with such procedures, approve in advance any audit or non-audit service provided to the Company by the independent auditors, all as required by applicable law or listing standards.
3. Review the independence and performance of the Company's independent auditors annually. Receive periodic reports from the independent auditors as required by the Independence Standards Board (or any successor body) regarding the auditors' independence, which shall be not less frequently than annually. Such reports shall include a description of all relationships between the independent auditors and the Company. The Committee shall discuss such reports with the auditors, and if so determined by the Committee, take appropriate action to satisfy itself of the independence of the auditors. In reviewing the performance of the independent auditors, the Committee shall consult with management, including the senior internal audit executive, and shall obtain and review a report by the independent auditors describing their internal quality control procedures, any material issues raised by their most recent internal quality control review, or peer review (if applicable), or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and the response of the independent auditors or any steps taken to deal with such issues. Such report shall also discuss tenure of partners, including the lead partner, as related to partner rotation requirements required by the Securities and Exchange Commission. The Committee shall review and evaluate the lead partner of the independent auditor and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee shall present its conclusions with respect to the independent auditors to the Board.
4. Discuss with the senior internal audit executive and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits. In this connection, the Committee shall discuss with management, including the senior internal audit executive, and the independent auditors the Company's major risk exposures (whether financial, operating or otherwise), the adequacy and effectiveness of the accounting and financial controls, and the steps management has taken to monitor and control such exposures and manage legal compliance programs, among other considerations that may be relevant to their respective audits. The Committee shall review with management and the

independent auditors management's annual internal control report, including any attestation of same by the independent auditors. Management and the senior internal audit executive shall report periodically to the Committee regarding any significant deficiencies in the design or operation of the Company's internal controls, material weaknesses in internal controls and any fraud (regardless of materiality) involving persons having a significant role in the internal controls, as well as any significant changes in internal controls implemented by management during the most recent reporting period of the Company.

5. Review with the independent auditors any problems or difficulties the auditors may have encountered in connection with the annual audit or otherwise and any management letter provided by the auditors and the Company's response to that letter. Such review shall address any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the independent auditors and adjustments that were proposed but "passed," regardless of materiality.

C. Internal Audit Department and Legal Compliance

1. Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit department, as needed.
2. Review the appointment, performance and replacement of the senior internal audit executive.
3. Review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.
4. Review periodically with management, including the General Counsel and senior internal audit executive, and the independent auditors:
 - (a) Any correspondence with, or other action by, regulators or governmental agencies and any employee complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters or compliance with Company's Code of Conduct.
 - (b) The effect of new or proposed regulatory and accounting inactivities on the Company's financial statements and other public disclosures.
5. Review periodically with the General Counsel and other appropriate legal staff the material legal affairs of the Company and the Company's compliance with applicable law and listing standards.

D. Other Committee Responsibilities

1. Review periodically retirement plan activities, investments in derivatives, and investment policies.
2. Produce the audit committee report required to be included in the Company's

annual proxy statement, all in accordance with applicable rules and regulations.

3. Approve guidelines for the Company's hiring of former employees of the independent auditors, which shall meet the requirements of applicable law and listing standards.
4. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
5. Review periodically, but no less frequently than annually, a summary of the Company's transactions with Directors and officers of the Company and with firms that employ Directors, as well as any other material related party transactions.
6. Review annually a summary of compliance with the Company's Code of Conduct. The Committee shall recommend to the Board whether and on what terms to grant to any Director or executive officer a waiver from the Company's Code of Conduct.
7. Evaluate the Committee's performance on an annual basis and establish criteria for such evaluation.
8. Maintain minutes of meetings and periodically report to the Board of Directors on significant issues or results of the foregoing activities.
9. Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Nominating and Corporate Governance Committee and Board for approval. Publish the charter in the Company's proxy statement in accordance with applicable rules and regulations.
10. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties, on the same terms as if the retention was authorized by the Board. The Committee shall receive appropriate funding from the Company to carry out its duties.

In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete or accurate or in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditors.

Adopted by:

Audit Committee: January 27, 2004.

Nominating and Corporate Governance Committee: January 27, 2004.

Board of Directors: January 27, 2004.