
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 June 30, 2020

☐ **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)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value	CDAY	New York Stock Exchange

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	☒	Accelerated filer	☐
Non-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:
146,881,678 shares of Common Stock, \$0.01 par value per share, as of July 31, 2020.

Ceridian HCM Holding Inc.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains, or incorporates by reference, not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and that are subject to the safe harbor created by those sections. Forward-looking statements, including, without limitation, statements concerning the conditions of the human capital management 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,” “assumes,” “projects,” “could,” “may,” “will,” “should,” and similar references to future periods, or by the inclusion of forecasts or projections.

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:

- the impact of the Coronavirus disease 2019 (“COVID-19”) pandemic on our business, operations, and financial results;
- 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 decline or slower than expected development of the market for enterprise cloud computing;
- failure of our efforts to increase use of our Cloud solutions and our other applications may not succeed;
- our failure to provide enhancements and new features and modifications to our solutions;
- failure to comply 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, data, and financial services laws, regulations and standards;
- changes in regulations governing financial services, privacy concerns, and laws or other domestic or foreign data protection regulations;
- the risk of loss caused by customer failure to repay distribution of earned net wages and associated tax amounts made on behalf of our customers for our Dayforce Wallet or other services;
- our inability to successfully expand our current offerings into new markets or further penetrate existing markets;
- our inability to meet the more complex configuration and integration demands of our large customers;
- reductions in our customers’ employment levels or other overall declines in the financial viability of our current and prospective customers;
- the risk of our customers declining to renew their agreements with us or renewing at lower performance fee levels;
- our failure to manage our technical operations infrastructure;
- our inability to maintain necessary third party relationships, and third party software licenses or there are errors in the software we license;
- our inability to protect our intellectual property rights, proprietary technology, information, processes, and know-how;
- our failure to keep pace with rapid technological changes and evolving industry standards;
- general economic, political and market forces beyond our control; or
- changes in laws and regulations related to the Internet or changes in the Internet infrastructure itself.

Please refer to Part II, Item IA, “Risk Factors” of this Form 10-Q and Part I, Item IA, “Risk Factors” of our most recently filed Annual Report on Form 10-K, for the year ended December 31, 2019 (“2019 Form 10-K”), 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. Any forward-looking statement made by us in this Form 10-Q 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)

	June 30, 2020	December 31, 2019
	(unaudited)	
ASSETS		
Current assets:		
Cash and equivalents	\$ 526.9	\$ 281.3
Trade and other receivables, net	92.9	80.4
Prepaid expenses and other current assets	70.4	57.9
Total current assets before customer trust funds	690.2	419.6
Customer trust funds	2,659.8	3,204.1
Total current assets	3,350.0	3,623.7
Right of use lease asset	37.6	32.0
Property, plant, and equipment, net	129.6	128.3
Goodwill	2,004.5	1,973.5
Other intangible assets, net	195.5	177.9
Other assets	136.7	150.3
Total assets	<u>\$ 5,853.9</u>	<u>\$ 6,085.7</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 8.6	\$ 10.8
Current portion of long-term lease liabilities	10.2	8.8
Accounts payable	36.5	43.2
Deferred revenue	24.0	25.5
Employee compensation and benefits	56.3	75.9
Other accrued expenses	14.1	13.9
Total current liabilities before customer trust funds obligations	149.7	178.1
Customer trust funds obligations	2,594.8	3,193.6
Total current liabilities	2,744.5	3,371.7
Long-term debt, less current portion	958.6	666.3
Employee benefit plans	111.4	117.2
Long-term lease liabilities, less current portion	34.2	30.1
Other liabilities	19.5	18.1
Total liabilities	3,868.2	4,203.4
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, \$0.01 par, 500,000,000 shares authorized, 146,803,932 and 144,386,618 shares issued and outstanding as of June 30, 2020, and December 31, 2019, respectively	1.5	1.4
Additional paid in capital	2,528.4	2,449.1
Accumulated deficit	(215.7)	(229.8)
Accumulated other comprehensive loss	(328.5)	(338.4)
Total stockholders' equity	1,985.7	1,882.3
Total liabilities and equity	<u>\$ 5,853.9</u>	<u>\$ 6,085.7</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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Recurring services	\$ 159.1	\$ 163.5	\$ 340.6	\$ 336.3
Professional services and other	33.5	32.8	74.7	63.7
Total revenue	192.6	196.3	415.3	400.0
Cost of revenue:				
Recurring services	49.3	48.7	101.5	99.6
Professional services and other	37.9	34.2	80.5	69.5
Product development and management	17.0	16.4	34.6	31.6
Depreciation and amortization	9.8	9.0	19.6	17.7
Total cost of revenue	114.0	108.3	236.2	218.4
Gross profit	78.6	88.0	179.1	181.6
Selling, general, and administrative	74.6	69.3	148.8	135.5
Operating profit	4.0	18.7	30.3	46.1
Interest expense, net	6.6	8.5	13.5	17.4
Other expense, net	0.3	1.5	2.9	3.1
(Loss) income before income taxes	(2.9)	8.7	13.9	25.6
Income tax (benefit) expense	(8.4)	2.4	(0.2)	8.1
Net income	\$ 5.5	\$ 6.3	\$ 14.1	\$ 17.5
Net income per share:				
Basic	\$ 0.04	\$ 0.04	\$ 0.10	\$ 0.12
Diluted	\$ 0.04	\$ 0.04	\$ 0.09	\$ 0.12
Weighted-average shares outstanding:				
Basic	145,593,019	141,149,009	145,119,172	140,651,902
Diluted	151,444,901	148,331,846	151,321,093	147,761,174

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited, dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	\$ 5.5	\$ 6.3	\$ 14.1	\$ 17.5
Items of other comprehensive income (loss) before income taxes:				
Change in foreign currency translation adjustment	21.6	11.5	(27.5)	23.8
Change in unrealized gain from invested customer trust funds	20.1	17.3	43.5	39.2
Change in pension liability adjustment ⁽¹⁾	3.3	2.5	6.6	5.0
Other comprehensive income before income taxes	45.0	31.3	22.6	68.0
Income tax benefit, net	5.9	0.9	12.7	3.6
Other comprehensive income after income taxes	39.1	30.4	9.9	64.4
Comprehensive income	<u>\$ 44.6</u>	<u>\$ 36.7</u>	<u>\$ 24.0</u>	<u>\$ 81.9</u>

- (1) The amount of the pension liability adjustment recognized in the condensed consolidated statements of operations within other expense, net was \$3.3 million and \$2.6 million during the three months ended June 30, 2020, and 2019, respectively, and \$6.6 million and \$5.2 million during the six months ended June 30, 2020, and 2019, respectively.

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited, dollars in millions, except share data)

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	\$				
Balance as of December 31, 2019	144,386,618	\$ 1.4	\$ 2,449.1	\$ (229.8)	\$ (338.4)	\$ 1,882.3
Net income	—	—	—	8.6	—	8.6
Issuance of common stock under share-based compensation plans	551,328	—	11.4	—	—	11.4
Share-based compensation	—	—	12.5	—	—	12.5
Foreign currency translation	—	—	—	—	(49.1)	(49.1)
Change in unrealized gain, net of tax of \$6.0	—	—	—	—	17.4	17.4
Change in pension liability adjustment, net of tax of \$0.8	—	—	—	—	2.5	2.5
Balance as of March 31, 2020	144,937,946	\$ 1.4	\$ 2,473.0	\$ (221.2)	\$ (367.6)	\$ 1,885.6
Net income	—	—	—	5.5	—	5.5
Issuance of common stock under share-based compensation plans	1,865,986	0.1	40.1	—	—	40.2
Share-based compensation	—	—	15.3	—	—	15.3
Foreign currency translation	—	—	—	—	21.6	21.6
Change in unrealized gain, net of tax of \$5.1	—	—	—	—	15.0	15.0
Change in pension liability adjustment, net of tax of \$0.8	—	—	—	—	2.5	2.5
Balance as of June 30, 2020	<u>146,803,932</u>	<u>\$ 1.5</u>	<u>\$ 2,528.4</u>	<u>\$ (215.7)</u>	<u>\$ (328.5)</u>	<u>\$ 1,985.7</u>

	Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	\$				
Balance as of December 31, 2018	139,453,710	\$ 1.4	\$ 2,325.6	\$ (335.6)	\$ (375.9)	\$ 1,615.5
Cumulative-effect adjustment to accumulated deficit related to the adoption of ASU 2018-02	—	—	—	27.1	(27.1)	—
Net income	—	—	—	11.2	—	11.2
Issuance of common stock under share-based compensation plans	1,221,622	—	20.1	—	—	20.1
Share-based compensation	—	—	6.0	—	—	6.0
Foreign currency translation	—	—	—	—	12.3	12.3
Change in unrealized gain, net of tax of \$2.7	—	—	—	—	19.2	19.2
Change in pension liability adjustment, net of tax of \$0.0	—	—	—	—	2.5	2.5
Balance as of March 31, 2019	140,675,332	\$ 1.4	\$ 2,351.7	\$ (297.3)	\$ (369.0)	\$ 1,686.8
Net income	—	—	—	6.3	—	6.3
Issuance of common stock under share-based compensation plans	1,266,734	—	24.0	—	—	24.0
Share-based compensation	—	—	9.6	—	—	9.6
Foreign currency translation	—	—	—	—	11.5	11.5
Change in unrealized gain, net of tax of \$0.9	—	—	—	—	16.4	16.4
Change in pension liability adjustment, net of tax of \$0.0	—	—	—	—	2.5	2.5
Balance as of June 30, 2019	<u>141,942,066</u>	<u>\$ 1.4</u>	<u>\$ 2,385.3</u>	<u>\$ (291.0)</u>	<u>\$ (338.6)</u>	<u>\$ 1,757.1</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, dollars in millions)

	Six Months Ended June 30,	
	2020	2019
Net income	\$ 14.1	\$ 17.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax expense (benefit)	0.3	(4.8)
Depreciation and amortization	23.9	29.0
Amortization of debt issuance costs and debt discount	0.6	0.6
Net periodic pension and postretirement cost	1.7	2.6
Non-cash share-based compensation	27.8	15.6
Other	0.9	0.8
Changes in operating assets and liabilities excluding effects of acquisitions and divestitures:		
Trade and other receivables	(3.8)	(3.4)
Prepaid expenses and other current assets	(6.4)	(11.1)
Accounts payable and other accrued expenses	(1.8)	(5.7)
Deferred revenue	(1.1)	(1.3)
Employee compensation and benefits	(21.3)	(19.5)
Accrued interest	0.2	0.4
Accrued taxes	(3.7)	(8.1)
Other assets and liabilities	(7.5)	(2.4)
Net cash provided by operating activities	23.9	10.2
Cash Flows from Investing Activities		
Purchase of customer trust funds marketable securities	(24.8)	(297.6)
Proceeds from sale and maturity of customer trust funds marketable securities	214.0	232.3
Expenditures for property, plant, and equipment	(9.9)	(7.7)
Expenditures for software and technology	(19.8)	(18.7)
Acquisition costs, net of cash and restricted cash acquired	(58.3)	(10.2)
Net cash provided by (used in) investing activities	101.2	(101.9)
Cash Flows from Financing Activities		
(Decrease) increase in customer trust funds obligations, net	(571.4)	1,308.9
Proceeds from issuance of common stock under share-based compensation plans	51.5	44.1
Repayment of long-term debt obligations	(5.4)	(3.4)
Proceeds from revolving credit facility	295.0	—
Net cash (used in) provided by financing activities	(230.3)	1,349.6
Effect of exchange rate changes on cash, restricted cash, and equivalents	(12.4)	7.4
Net (decrease) increase in cash, restricted cash, and equivalents	(117.6)	1,265.3
Cash, restricted cash, and equivalents at beginning of period	1,658.6	1,106.3
Cash, restricted cash, and equivalents at end of period	<u>\$ 1,541.0</u>	<u>\$ 2,371.6</u>
Reconciliation of cash, restricted cash, and equivalents to the condensed consolidated balance sheets		
Cash and equivalents	\$ 526.9	\$ 237.9
Restricted cash and equivalents included in customer trust funds	1,014.1	2,133.7
Total cash, restricted cash, and equivalents	<u>\$ 1,541.0</u>	<u>\$ 2,371.6</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization

Ceridian HCM Holding Inc. and its subsidiaries (also referred to in this report as “Ceridian,” “we,” “our,” “us,” or the “Company”) 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.

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 (“GAAP”) for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accounting policies we follow are set forth in Note 2, “Summary of Significant Accounting Policies,” to our audited consolidated financial statements in our 2019 Form 10-K. The following notes should be read in conjunction with these policies and other disclosures in our 2019 Form 10-K.

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 income (loss), and cash flows from all periods presented. Interim results are not necessarily indicative of results for a full year.

Internally Developed Software Costs

In accordance with 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.

Deferred Costs

Deferred costs, which primarily consist of deferred sales commissions, included within Other assets on our condensed consolidated balance sheets were \$108.7 million and \$106.4 million as of June 30, 2020, and December 31, 2019, respectively. Amortization expense for the deferred costs was \$9.1 million and \$7.7 million for the three months ended June 30, 2020, and 2019, respectively, and \$18.1 million and \$15.4 million for the six months ended June 30, 2020, and 2019 respectively.

Recently Issued Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-14, “Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans,” which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This update removes disclosures that are no longer considered cost beneficial, adds disclosures identified as relevant, and clarifies certain specific requirements of disclosures to improve the effectiveness of disclosures in the notes to financial statements. The amendments in this update are effective for public business entities for fiscal years ending after December 15, 2020. The amendments in this update should be applied on a retrospective basis to all periods presented. The adoption of this guidance will not have a significant impact on our annual defined benefit plan and other postretirement plan disclosures.

In March 2020, the FASB issued ASU No. 2020-04, “Reference Rate Reform,” which provides guidance for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in

this guidance apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this guidance provide for an optional method in which modifications of contracts within the scope of ASC Topic 310, Receivables, and ASC Topic 470, Debt, should be accounted for by prospectively adjusting the effective interest rate, in addition to several other optional methods and exceptions. The amendments in this update are effective for all entities as of March 12, 2020, through December 31, 2022. We do not expect the adoption of this guidance to have a significant impact on our financial statements.

3. Business Combinations

On May 29, 2020, we completed the purchase of 100% of the outstanding shares of Excelity Global Solutions Pte. Ltd. (“Excelity”) for \$77.2 million. Excelity is a human capital management service provider in the Asia-Pacific region.

The financial results of Excelity have been included within our condensed consolidated financial statements from the acquisition date forward. The acquisition of Excelity was recorded using the acquisition method of accounting in which the assets and liabilities assumed are recognized at their fair value. As of June 30, 2020, we have conducted a preliminary assessment of certain assets and liabilities related to the acquisition of Excelity. We are continuing our review of these items during the measurement period, and if new information is obtained about facts and circumstances that existed at the effective date of the acquisition, the acquisition accounting will be revised to reflect the resulting adjustments to the current estimate of these items. After consideration of the Excelity acquisition, management has concluded that we continue to have one operating and reportable segment. This conclusion aligns with how managements monitors operating performance, allocates resources, and deploys capital.

The major classes of assets and liabilities to which we allocated the purchase price were as follows:

	(Dollars in millions)
Cash and equivalents	\$ 6.6
Trade receivables, prepaid expenses, and other current assets	10.8
Customer trust funds	12.3
Property, plant, and equipment and other assets	4.2
Goodwill	49.5
Other intangible assets, net	18.8
Accounts payable and other current liabilities	(2.2)
Customer trust funds obligations	(13.1)
Other non-current liabilities	(9.7)
Total purchase price	<u>\$ 77.2</u>

4. Fair Value Measurements

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

As of June 30, 2020, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	Total	Level 1	Level 2	Level 3
	(Dollars in millions)			
Assets				
Available for sale customer trust funds assets	\$ 1,645.7	\$ —	\$ 1,645.7 (a)	\$ —
Total assets measured at fair value	<u>\$ 1,645.7</u>	<u>\$ —</u>	<u>\$ 1,645.7</u>	<u>\$ —</u>

As of December 31, 2019, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	Total	Level 1	Level 2	Level 3
	(Dollars in millions)			
Assets				
Available for sale customer trust funds assets	\$ 1,826.8	\$ —	\$ 1,826.8 (a)	\$ —
Total assets measured at fair value	<u>\$ 1,826.8</u>	<u>\$ —</u>	<u>\$ 1,826.8</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 six months ended June 30, 2020, and the year ended December 31, 2019, we completed business combinations which required the assets acquired and liabilities assumed to be measured at fair value on a nonrecurring basis. Please refer to Note 3, “Business Combinations,” for additional information.

5. Customer Trust Funds

Investment income from invested customer trust funds, also referred to as float revenue or float, is a component of our compensation for providing services under agreements with our customers. Investment income from invested customer trust funds included in recurring services revenue was \$11.5 million and \$20.3 million for the three months ended June 30, 2020, and 2019, respectively, and \$31.1 million and \$44.6 million for the six months ended June 30, 2020, and 2019, respectively. Investment income includes interest income, realized gains and losses from sales of customer trust funds’ investments, and unrealized credit losses determined to be unrecoverable.

The amortized cost of customer trust funds as of June 30, 2020, and December 31, 2019, is the original cost of assets acquired. The amortized cost and fair values of investments of customer trust funds available for sale as of June 30, 2020, and December 31, 2019, were as follows:

Investments of Customer Trust Funds at June 30, 2020

	Amortized Cost	Gross Unrealized Gain Loss (Dollars in millions)		Fair Value
Money market securities, investments carried at cost and other cash equivalents	\$ 985.9	\$ —	\$ —	\$ 985.9
Available for sale investments:				
U.S. government and agency securities	482.1	24.5	—	506.6
Canadian and provincial government securities	376.6	16.4	—	393.0
Corporate debt securities	481.0	18.8	(0.1)	499.7
Asset-backed securities	221.8	4.9	—	226.7
Mortgage-backed securities	15.4	0.3	—	15.7
Other securities	3.9	0.1	—	4.0
Total available for sale investments	<u>1,580.8</u>	<u>65.0</u>	<u>(0.1)</u>	<u>1,645.7</u>
Invested customer trust funds	2,566.7	<u>\$ 65.0</u>	<u>\$ (0.1)</u>	2,631.6
Trust receivables	28.1			28.2
Total customer trust funds	<u>\$ 2,594.8</u>			<u>\$ 2,659.8</u>

Investments of Customer Trust Funds at December 31, 2019

	Amortized Cost	Gross Unrealized		Fair Value
		Gain	Loss	
	(Dollars in millions)			
Money market securities, investments carried at cost and other cash equivalents	\$ 1,348.1	\$ —	\$ —	\$ 1,348.1
Available for sale investments:				
U.S. government and agency securities	542.4	7.1	(0.3)	549.2
Canadian and provincial government securities	406.7	5.4	(0.7)	411.4
Corporate debt securities	562.2	9.0	(0.3)	570.9
Asset-backed securities	270.0	1.7	(0.3)	271.4
Mortgage-backed securities	19.8	0.2	(0.1)	19.9
Other securities	4.0	—	—	4.0
Total available for sale investments	1,805.1	23.4	(1.7)	1,826.8
Invested customer trust funds	3,153.2	\$ 23.4	\$ (1.7)	3,174.9
Trust receivables (a)	40.4			29.2
Total customer trust funds	\$ 3,193.6			\$ 3,204.1

- (a) The fair value of trust receivables as of December 31, 2019, included a loss of \$11.2 million related to unrecovered duplicate payments resulting from an isolated service incident on September 26, 2019. Ceridian was liable for these unrecovered duplicate payments and had reimbursed the customer trust for the resulting losses as of March 31, 2020. Please refer to Note 14, “Commitments and Contingencies,” for further discussion of the September 26, 2019, isolated service incident.

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 June 30, 2020.

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
(Dollars in millions)						
Corporate debt securities	\$ —	\$ —	\$ (0.1)	\$ 5.7	\$ (0.1)	\$ 5.7
Total available for sale investments	\$ —	\$ —	\$ (0.1)	\$ 5.7	\$ (0.1)	\$ 5.7

Management does not believe that any individual unrealized loss was unrecoverable as of June 30, 2020. 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 June 30, 2020, 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.

	June 30, 2020	
	Cost	Fair Value
(Dollars in millions)		
Due in one year or less	\$ 1,255.3	\$ 1,257.2
Due in one to three years	725.3	750.1
Due in three to five years	444.4	467.9
Due after five years	141.7	156.4
Invested customer trust funds	\$ 2,566.7	\$ 2,631.6

6. Goodwill and Intangible Assets

Goodwill

Goodwill and changes therein were as follows for the six months ended June 30, 2020, and the year ended December 31, 2019 (Dollars in millions):

Balance at December 31, 2018	\$	1,927.4
Acquisitions		25.7
Translation		20.4
Balance at December 31, 2019		1,973.5
Acquisition		49.5
Translation		(18.5)
Balance at June 30, 2020	\$	<u>2,004.5</u>

Please refer to Note 3, "Business Combinations," for further discussion of the Excelity acquisition.

Intangible Assets

Other intangible assets consisted of the following as of June 30, 2020:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
	(Dollars in millions)			
Customer lists and relationships	\$ 222.8	\$ (206.1)	\$ 16.7	5-15
Trade name	177.2	(2.0)	175.2	3 and Indefinite
Technology	156.4	(152.8)	3.6	3-4
Total other intangible assets	<u>\$ 556.4</u>	<u>\$ (360.9)</u>	<u>\$ 195.5</u>	

We perform an impairment assessment of our trade name intangible assets as of October 1 of each year. We continue to evaluate the use of our trade names and branding in our sales and marketing efforts. If there is a fundamental shift in the method of our branding in the future, we will assess the impact on the carrying amount of our trade name intangible assets and determine whether an impairment exists. If it is determined that an impairment has occurred, it would be recognized during the period in which the decision was made to make the fundamental shift.

Other intangible assets consisted of the following as of December 31, 2019:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
	(Dollars in millions)			
Customer lists and relationships	\$ 212.5	\$ (208.2)	\$ 4.3	5-15
Trade name	174.0	(2.1)	171.9	3 and Indefinite
Technology	156.1	(154.4)	1.7	3-4
Total other intangible assets	<u>\$ 542.6</u>	<u>\$ (364.7)</u>	<u>\$ 177.9</u>	

Amortization expense related to definite-lived intangible assets was \$0.4 million and \$4.5 million for the three months ended June 30, 2020, and 2019, respectively, and \$0.7 million and \$9.2 million for the six months ended June 30, 2020, and 2019, respectively.

7. Debt

Overview

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

	June 30, 2020	December 31, 2019
	(Dollars in millions)	
Term Debt, interest rate of 2.7% and 4.8% as of June 30, 2020, and December 31, 2019, respectively	\$ 668.1	\$ 671.5
Revolving Credit Facility (\$300.0 million available capacity less amounts reserved for letters of credit, which were \$1.9 million and \$1.9 million as of June 30, 2020, and December 31, 2019, respectively)	295.0	—
Canada Line of Credit (CDN \$7.0 million letter of credit capacity as of June 30, 2020, and December 31, 2019, which was fully utilized; USD \$5.2 million as of June 30, 2020, and USD \$5.4 million as of December 31, 2019)	—	—
Financing lease liabilities (Please refer to Note 13)	10.4	12.4
Total debt	973.5	683.9
Less unamortized discount on Term Debt	1.3	1.4
Less unamortized debt issuance costs on Term Debt	4.9	5.4
Less current portion of long-term debt	8.6	10.8
Long-term debt, less current portion	<u>\$ 958.6</u>	<u>\$ 666.3</u>

Senior Secured Credit Facility

On April 30, 2018, Ceridian completed the refinancing of its debt by entering into a new credit agreement. Pursuant to the terms of the new credit agreement, Ceridian became borrower of (i) a \$680.0 million term loan debt facility (the “2018 Term Debt”) and (ii) a \$300.0 million 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 substantially 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 was initially subject to an interest rate of LIBOR plus 3.25%. As a result of a ratings upgrade on March 26, 2019, of our senior secured credit facilities by Moody’s Investors Service, from B3 to B2, the Company’s floating rate term debt interest rate has been reduced from LIBOR plus 3.25% to LIBOR plus 3.00%, so long as the rating is maintained. On February 19, 2020, Ceridian completed the first amendment to the 2018 Senior Secured Credit Facility in which the 2018 Term Debt interest rate was reduced from LIBOR plus 3.00% to LIBOR plus 2.50%. Further, the interest rate trigger under the applicable rating by Moody’s Investor Service was removed by the first amendment. Accrued interest related to the 2018 Senior Secured Credit Facility was \$0.3 million and \$0.1 million as of June 30, 2020, and December 31, 2019, respectively, and is included within Other accrued expenses in our condensed consolidated balance sheets.

On April 2, 2020, in light of the uncertainty and volatility in the global financial markets resulting from the COVID-19 pandemic, Ceridian elected to borrow \$295.0 million under the 2018 Revolving Credit Facility as a precautionary measure to increase our cash position and to preserve financial flexibility. We may use a portion of the proceeds from the borrowing for general corporate purposes.

Future Payments and Maturities of Debt

The future principal payments and maturities of our indebtedness, excluding financing lease obligations, are as follows:

Years Ending December 31,	Amount
	(Dollars in millions)
2020	\$ 3.4
2021	6.8
2022	6.8
2023	301.8
2024	6.8
Thereafter	637.5
	<u>\$ 963.1</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 \$919.7 million and \$675.1 million as of June 30, 2020, and December 31, 2019, respectively.

8. 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Periodic Pension Cost	(Dollars in millions)			
Interest cost	\$ 3.2	\$ 4.6	\$ 6.4	\$ 9.1
Actuarial loss amortization	3.9	3.2	7.8	6.4
Less: Expected return on plan assets	(5.7)	(5.9)	(11.4)	(11.8)
Net periodic pension cost	<u>\$ 1.4</u>	<u>\$ 1.9</u>	<u>\$ 2.8</u>	<u>\$ 3.7</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Periodic Postretirement Benefit	(Dollars in millions)			
Service benefit	\$ —	\$ —	\$ —	\$ —
Interest cost	0.2	0.1	0.3	0.2
Actuarial gain amortization	(0.6)	(0.6)	(1.2)	(1.2)
Prior service credit amortization	(0.1)	(0.1)	(0.2)	(0.1)
Net periodic postretirement benefit gain	<u>\$ (0.5)</u>	<u>\$ (0.6)</u>	<u>\$ (1.1)</u>	<u>\$ (1.1)</u>

9. 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”). 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 June 30, 2020, there were 2,500 stock options outstanding under the 2007 SIP.

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 June 30, 2020, there were 3,529,921 stock options and restricted stock units outstanding under the 2013 SIP. We do not intend to grant any additional awards under the 2007 SIP or the 2013 SIP.

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. (the “Share Reserve”). The Share Reserve may be increased on March 31 of each of the first ten calendar years during the term of the 2018 EIP, by the lesser of (i) three percent of the number of shares of our common stock outstanding on each January 31 immediately prior to the date of increase or (ii) such number of shares of our common stock determined by the Board of Directors. On March 31, 2020, the Share Reserve was increased by three percent of the number of shares of common stock outstanding on January 31, 2020, or 4,335,286 shares.

Equity awards under the 2018 EIP generally 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 June 30, 2020, there were 12,468,481 stock options, restricted stock units, and performance stock units outstanding and 9,562,998 shares available for future grants of equity awards under the 2018 EIP.

On November 9, 2018, the Board of Directors approved the Ceridian HCM Holding Inc. Global Employee Stock Purchase Plan (the “GESPP”), and the Company’s stockholders approved the GESPP on May 1, 2019. The GESPP authorizes the issuance of up to

2,500,000 shares of common stock to eligible participants through purchases via payroll deductions. The purchase price is the lower of (i) 85% of the fair market value of a share of common stock on the offering date (the first trading day of the offering period commencing on January 1 and concluding on December 31) or (ii) 85% of the fair market value of a share of common stock on the purchase date. The GESPP shall continue for ten years, unless terminated sooner as provided under the GESPP. During 2020 and subsequent years, quarterly purchase periods will commence on January 1, April 1, July 1, and October 1. Shares will be purchased on the last trading day of the respective purchase periods. The first GESPP purchase period of 2020 ended on March 31, 2020, resulting in the issuance of 49,802 shares of our common stock at a purchase price of \$42.56. The second GESPP purchase period of 2020 ended on June 30, 2020, resulting in the issuance of 42,706 share of our common stock at a purchase price of \$59.52.

Total share-based compensation expense was \$15.3 million and \$9.6 million for the three months ended June 30, 2020, and 2019, respectively, and \$27.8 million and \$15.6 million six months ended June 30, 2020, and 2019, respectively.

Performance-Based Stock Options

Performance-based option activity 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)
Performance-based options outstanding at December 31, 2019	68,281	\$ 13.58	2.6	\$ 3.7
Granted	1,817,381	65.26	—	—
Exercised	(29,221)	(13.46)	—	—
Forfeited or expired	—	—	—	—
Performance-based options outstanding at June 30, 2020	1,856,441	\$ 64.17	9.7	\$ 28.0
Performance-based options exercisable at June 30, 2020	39,060	\$ 13.67	2.3	\$ 2.6

The performance criteria for all outstanding performance-based stock options under the 2007 SIP and the 2013 SIP was met on June 7, 2018, resulting in the vesting of all outstanding performance-based stock options under the 2007 SIP and the 2013 SIP on this date.

During the three months ended June 30, 2020, 1,500,000 performance-based stock options (“Performance Option Award”) were granted under the 2018 EIP with an exercise price of \$65.26. The vesting conditions for the Performance Option Award are based on the Company’s performance on the New York Stock Exchange (“NYSE”) with 750,000 shares available to vest when the Company’s per share closing price on the NYSE meets or exceeds \$110.94, or 1.7 times the exercise price, for ten consecutive trading days, and the remaining 750,000 shares are available to vest when the Company’s per share closing price on the NYSE meets or exceeds \$130.52, or 2.0 times the exercise price, for ten consecutive trading days. The Performance Option Award has a minimum time-based vesting period of 3 years. The vesting conditions must be achieved prior to May 8, 2025, or any unvested portion of the Performance Option Award will terminate. A Monte Carlo simulation model was used to determine the fair value of these performance-based stock options. The Monte Carlo model utilizes multiple input variables that determine the probability of satisfying the market conditions stipulated in the award. We have estimated an expected term of 5.3 years, based on the vesting period and contractual term.

The remaining performance-based options granted during the three months ended June 30, 2020, under the 2018 EIP include vesting conditions based on migrations to Dayforce. The vesting conditions must be met either prior to September 13, 2021, or September 13, 2022.

As of June 30, 2020, there was \$28.0 million of share-based compensation expense related to unvested performance-based stock option awards not yet recognized, which is expected to be recognized over a weighted average period of 2.8 years.

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, 2019	13,144,937	\$ 29.74	7.8	\$ 501.3
Granted	2,207,824	65.61	—	—
Exercised	(2,264,379)	(20.50)	—	—
Forfeited or expired	(396,558)	(26.76)	—	—
Term-based options outstanding at June 30, 2020	12,691,824	\$ 37.72	8.0	\$ 527.3
Term-based options exercisable at June 30, 2020	4,322,935	\$ 25.42	6.7	\$ 232.8

As of June 30, 2020, there was \$105.6 million of share-based compensation expense related to unvested term-based stock options not yet recognized, which is expected to be recognized over a weighted average period of 2.2 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, 2019	819,818
Granted	525,984
Shares issued upon vesting of RSUs	(33,720)
Forfeited or canceled	(2,405)
RSUs outstanding at June 30, 2020	1,309,677
RSUs releasable at June 30, 2020	396,978

During the six months ended June 30, 2020, 160,360 RSUs vested. As of June 30, 2020, there were 912,699 unvested RSUs outstanding and 396,978 vested RSUs outstanding. RSUs generally vest annually over a one-, three-, or four-year period. As of June 30, 2020, there was \$43.1 million of share-based compensation expense related to unvested RSUs not yet recognized, which is expected to be recognized over a weighted average period of 2.0 years.

Performance Stock Units

During the six months ended June 30, 2020, 145,017 performance stock units (“PSUs”) were granted under the 2018 EIP. During the six months ended June 30, 2020, 2,057 PSUs were forfeited and cancelled. The vesting conditions for the PSUs are based on the Company’s performance against Cloud revenue and adjusted EBITDA margin goals under the Company’s 2020 Management Incentive Plan (the “2020 MIP”) for the incentive period of January 1, 2020 through December 31, 2020. The maximum incentive vesting of PSUs may not exceed 125% under the 2020 MIP. Both the Cloud revenue and adjusted EBITDA margin goals are calculated based on the Company’s operating results, adjusted for foreign currency and interest rate impacts plus other unique impacts as approved by the Compensation Committee or the Board. Upon vesting of a PSU, a participant will receive shares of common stock of the Company. The probability of vesting of PSUs will continue to be evaluated throughout the period, and share-based compensation expense will be recognized in accordance with that probability. As of June 30, 2020, there was \$10.1 million of share-based compensation expense related to unvested PSUs not yet recognized.

10. Revenue

Our Solutions

We categorize our solutions into two categories: Cloud and Bureau offerings.

- 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 recurring revenue is primarily generated from

monthly recurring fees charged on a per-employee, per-month (“PEPM”) basis and the allocation of investment income generated from holding Dayforce customer funds in trust before funds are remitted to taxing authorities, Dayforce customer employees, or other third parties. Dayforce professional services and other revenue is primarily generated from implementation and post go-live professional services revenue. Other sources of Dayforce revenues include revenue from the sale, rental and maintenance of time clocks; revenue from the sale of third-party services; and billable travel expenses for Dayforce customers. The Powerpay offering is our solution designed primarily for small market Canadian customers, which typically have fewer than 20 employees. Powerpay recurring revenue is primarily generated from recurring fees charged on a per-employee, per-process basis and the allocation of investment income generated from holding Powerpay customer funds in trust before funds are remitted to taxing authorities, Powerpay customer employees, or other third parties. Typical processes include the customer’s payroll runs, year-end tax packages, and delivery of customers’ remittance advices or checks. Powerpay professional services revenue is primarily generated from the setup of the Powerpay customer on their platform.

- 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 Affordable Care Act (“ACA”) management. Additional items included in Bureau revenue are fees for custom professional services to Bureau customers; the allocation of 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 to Bureau customers.

Disaggregation of Revenue

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Dollars in millions)			
Revenue:				
Cloud				
Dayforce				
Recurring services	\$ 118.5	\$ 102.4	\$ 246.6	\$ 205.3
Professional services and other	33.0	32.1	73.7	62.0
Total Dayforce revenue	151.5	134.5	320.3	267.3
Powerpay				
Recurring services	16.2	20.9	38.0	42.4
Professional services and other	0.2	0.3	0.5	0.6
Total Powerpay revenue	16.4	21.2	38.5	43.0
Total Cloud revenue	167.9	155.7	358.8	310.3
Bureau				
Recurring services	24.4	40.2	56.0	88.6
Professional services and other	0.3	0.4	0.5	1.1
Total Bureau revenue	24.7	40.6	56.5	89.7
Total revenue	\$ 192.6	\$ 196.3	\$ 415.3	\$ 400.0

Recurring services revenue includes float revenue of \$11.5 million and \$20.3 million for the three months ended June 30, 2020, and 2019, respectively, and \$31.1 million and \$44.6 million for the six months ended June 30, 2020, and 2019, respectively.

Contract Balances

The Company records a contract asset when revenue recognized for professional service performance obligations exceed the contractual amount of billings for implementation related professional services. Contract assets were \$48.8 million and \$43.2 million as of June 30, 2020, and December 31, 2019, respectively. Contract assets expected to be recognized in revenue within twelve months are included within Prepaid expenses and other current assets, with the remaining contract assets included within Other assets on our condensed consolidated balance sheets.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition. The changes in deferred revenue were as follows:

	Six Months Ended June 30,	
	2020	2019
	(Dollars in millions)	
Deferred revenue, beginning of period	\$ 25.5	\$ 23.2
New billings	196.1	155.9
Revenue recognized	(197.2)	(157.1)
Effect of exchange rate	(0.4)	—
Deferred revenue, end of period	\$ 24.0	\$ 22.0

Transaction Price for Remaining Performance Obligations

In accordance with ASC Topic 606, the following represents the aggregate amount of transaction price allocated to the remaining performance obligations that are unsatisfied as of the end of the reporting period. As of June 30, 2020, approximately \$897.1 million of revenue is expected to be recognized over the next three years from remaining performance obligations, which represents contracted revenue for recurring services and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. In accordance with the practical expedient provided in ASC Topic 606, performance obligations that are billed and recognized as they are delivered, primarily professional services contracts that are on a time and materials basis, are excluded from the transaction price for remaining performance obligations disclosed above.

11. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) from Invested Customer Trust Funds	Pension Liability Adjustment	Total
	(Dollars in millions)			
Balance as of December 31, 2019	\$ (178.4)	\$ 10.2	\$ (170.2)	\$ (338.4)
Other comprehensive income (loss) before income taxes and reclassifications	(27.5)	43.5	—	16.0
Income tax expense	—	(11.1)	(1.6)	(12.7)
Reclassifications to earnings	—	—	6.6	6.6
Other comprehensive (loss) income	(27.5)	32.4	5.0	9.9
Balance as of June 30, 2020	\$ (205.9)	\$ 42.6	\$ (165.2)	\$ (328.5)

12. Income Taxes

Our income tax provision represents federal, state, and international taxes on our income recognized for financial statement purposes and includes the effects of temporary differences between financial statement income and income recognized for tax return purposes. Deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and the tax basis of assets and liabilities as adjusted for the expected benefits of utilizing net operating loss carryforwards. We record a valuation allowance to reduce our deferred tax assets to reflect the net deferred tax assets that we believe will be realized. In assessing the likelihood that we will be able to recover our deferred tax assets and the need for a valuation allowance, we consider all available evidence, both positive and negative, including historical levels of pre-tax book income, expiration of net operating losses, expectations and risks associated with estimates of future taxable income, and ongoing prudent and feasible tax planning strategies, as well as current tax laws. As of June 30, 2020, we continue to record a valuation allowance of \$12.0 million against deferred tax assets attributable to state net operating loss carryovers.

We recorded an income tax benefit of \$0.2 million during the six months ended June 30, 2020, primarily attributable to \$3.7 million associated with share-based compensation, and a reduction of \$1.8 million in tax expense associated with unremitted foreign earnings, offset by tax expense of \$2.9 million from U.S. and foreign operations, and \$2.3 million in U.S. state taxes.

The total amount of unrecognized tax benefits as of June 30, 2020, and December 31, 2019, were \$1.7 million, including \$0.3 million of accrued interest, and \$1.5 million, including \$0.2 million of accrued interest, respectively. Of the total amount of unrecognized tax benefits as of June 30, 2020, \$1.7 million 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 2015.

13. Leases

Supplemental balance sheet information related to leases were as follows:

Lease Type	Balance Sheet Classification	June 30, 2020	December 31, 2019
(Dollars in millions)			
ASSETS			
Operating lease assets	Trade and other receivables, net	\$ 5.3	\$ 5.5
Operating lease assets	Prepaid expenses and other current assets	2.2	1.2
Operating lease assets	Right of use lease asset	37.6	32.0
Financing lease assets	Property, plant, and equipment, net	8.4	8.8
Total lease assets		\$ 53.5	\$ 47.5
LIABILITIES			
Current			
Financing lease liabilities	Current portion of long-term debt	\$ 1.8	\$ 4.0
Operating lease liabilities	Current portion of long-term lease liabilities	10.2	8.8
Noncurrent			
Financing lease liabilities	Long-term debt, less current portion	8.6	8.4
Operating lease liabilities	Long-term lease liabilities, less current portion	34.2	30.1
Total lease liabilities		\$ 54.8	\$ 51.3

The components of lease expense were as follows:

Lease Cost	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
(Dollars in millions)				
Operating lease cost	\$ 2.3	\$ 4.4	\$ 4.6	\$ 8.4
Financing lease cost:				
Depreciation of lease assets	0.2	—	0.4	—
Interest on lease liabilities	0.1	—	0.2	—
Sublease income	(1.1)	(1.1)	(2.1)	(2.3)
Total lease cost, net	\$ 1.5	\$ 3.3	\$ 3.1	\$ 6.1

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.

Unrecovered Duplicate Payments

We identified an isolated service incident on September 26, 2019, that resulted in duplicate payments for certain of our U.S. payroll customers totaling \$18.8 million. During the year ended December 31, 2019, we recorded a loss of \$11.2 million for the amount unrecovered, within selling, general, and administrative expense in our consolidated statement of operations. Our recovery efforts continued into 2020, resulting in collections of \$0.1 million and \$0.4 million during the three and six months ended June 30, 2020, respectively, which was recognized as a reduction to selling, general, and administrative expense.

15. Related Party Transactions

Ronald F. Clarke is a member of 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 services and other administrative services. For these services, we have recorded revenue of \$0.2 million and \$0.2 million for the three months ended June 30, 2020, and 2019, respectively, and \$0.5 million and \$0.4 million for the six months ended June 30, 2020, and 2019, respectively.

We are party to a service agreement with The Dun and Bradstreet Corporation ("Dun and Bradstreet"), a related party due to certain shared board members. Pursuant to the service agreement, we made payments to Dun and Bradstreet totaling \$0.4 million for both the three and six months ended June 30, 2020.

We provide Dayforce and related services to The Stronach Group, for which we recorded revenue of \$0.1 million and \$0.1 million for the six months ended June 30, 2020, and 2019, respectively. Alon Ossip, the brother of our chief executive officer, David Ossip, is the chief executive officer, and is currently a minority shareholder, of The Stronach Group.

We provide payroll-related tax filings services to Fidelity National Financial, Inc., a related party until August 2019 due to certain shared board members, for which we recorded revenue of \$0.1 million and \$0.2 million for the three and six months ended June 30, 2019, respectively.

We provide Dayforce and related services to certain investment portfolio companies of THL Managers VI, LLC and Cannae Holdings, Inc., which are considered related parties due to certain shared board members. Revenue from these related parties was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(Dollars in millions)			
American Blue Ribbon Holdings, LLC	\$ 0.3	\$ 0.4	\$ 0.8	\$ 0.9
Essex Technology Group, LLC	0.2	0.1	0.3	0.2
Guaranteed Rate, Inc.	0.1	0.2	0.3	0.5
Ten-X, LLC	0.1	0.1	0.1	0.2
Philips Feed Services	0.1	0.1	0.1	0.1

16. Net Income per Share

We compute net income per share of common stock using the treasury stock method. The numerators and denominators of the basic and diluted net income per share computations were calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(Dollars in millions, except share and per share data)			
Numerator:				
Net income	\$ 5.5	\$ 6.3	\$ 14.1	\$ 17.5
Denominator:				
Weighted-average shares outstanding - basic	145,593,019	141,149,009	145,119,172	140,651,902
Effect of dilutive equity instruments	5,851,882	7,182,837	6,201,921	7,109,272
Weighted-average shares outstanding - diluted	151,444,901	148,331,846	151,321,093	147,761,174
Net income per share - basic	\$ 0.04	\$ 0.04	\$ 0.10	\$ 0.12
Net income per share - diluted	\$ 0.04	\$ 0.04	\$ 0.09	\$ 0.12

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Performance-based stock options	1,078,446	—	539,223	—
Term-based stock options	1,433,527	4,138,578	777,453	2,496,793
Restricted stock units	60,460	—	41,119	—
Performance stock units	—	—	—	—

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

The following is a discussion and analysis of our financial condition and results of operations as of, and for, the periods presented. You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and notes thereto included elsewhere in report and in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2019, in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission ("SEC") on February 28, 2020 (our "2019 Form 10-K"). This discussion and analysis contains forward-looking statements, including statement regarding industry outlook, our expectations for the future of our business, and our liquidity and capital resources as well as other non-historical statements. These statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in Part II, Item 1A, "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by these forward-looking statements. Any reference to a "Note" in this discussion relates to the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this report unless otherwise indicated.

Overview

Ceridian is a global human capital management ("HCM") software company. We categorize our solutions into two categories: Cloud and Bureau solutions. Cloud revenue is generated from HCM solutions that are delivered via two cloud offerings: Dayforce, our flagship cloud HCM platform, and Powerpay, a cloud HR and payroll solution for the Canadian small business market. We also continue to support customers using our Bureau solutions, which we generally stopped actively selling to new customers following the acquisition of Dayforce in 2012. Revenue from our Cloud and Bureau solutions include an allocation of investment income generated from holding customer funds in trust before funds are remitted to taxing authorities, also referred to as float revenue or float. We invest in maintenance and necessary updates to support our Bureau customers and continue to migrate them to Dayforce.

Dayforce provides 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. Dayforce provides continuous real-time calculations across all modules to enable, for example, payroll administrators access to data through the entire pay period, and managers access to real-time data to optimize work schedules. Our platform is designed to make work life better for our customers and their employees by improving HCM decision-making processes, streamlining workflows, exposing 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.

In 2020, we launched the Dayforce Wallet, which gives our customers' employees greater control over their financial well-being by providing them with instant access to their earnings. This on-demand pay feature allows employees more choice over when they get paid by making any day payday. Dayforce Wallet enables workers to access their already-earned wages anytime during the pay period, net of taxes, withholdings and other payroll deductions. Leveraging Dayforce's continuous pay calculations, Dayforce Wallet processes a same-day payroll each time a worker requests their pay. The solution is compliant with federal, state, and local remittances and requires no changes to payroll processing including the funding, timing, and close-out of pay.

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 4,603 live Dayforce customers as of June 30, 2020. For the three and six months ended June 30, 2020, we added 123 and 240 net new live Dayforce customers, respectively.

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 historically had 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 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.

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.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) to be a pandemic. The global spread of the COVID-19 pandemic has created significant global volatility, uncertainty, and economic disruption. We have experienced and may continue to experience curtailed customer demand, primarily as a result of declining employment levels at our customers in certain sectors, such as retail and hospitality, as well as lower customer utilization of professional services and customer delays in implementation services, due to the effects of the COVID-19 pandemic. Additionally, the federal funds rate cuts by the U.S. Federal Reserve and the overnight rate target by the Bank of Canada have had and will continue to have negative effects on our float revenue. The broader implications of the pandemic on our results of operations and overall financial performance remain uncertain. Please refer to the Results of Operations section below for further discussion of the financial impacts of the COVID-19 pandemic during the three and six months ended June 30, 2020. Please refer to Part II, Item 1A Risk Factors for further discussion of the potential impact of the pandemic on our business.

How We Assess Our Performance

In assessing our performance, we consider a variety of performance indicators in addition to revenue and net income. Set forth below is a description of our key performance 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 4,603 customers live on Dayforce as of June 30, 2020, compared to 4,006 customers live on Dayforce as of June 30, 2019.

Constant Currency Revenue

We present revenue on a constant currency basis to assess how our underlying business performed, excluding the effect of foreign currency rate fluctuations. We believe this non-GAAP financial measure is useful to management and investors. We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period.

Adjusted EBITDA and Adjusted EBITDA margin

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-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 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 and related employer taxes, severance charges, restructuring consulting fees, and certain other non-recurring charges. Adjusted EBITDA margin is determined by calculating the percentage that 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 “Results of Operations” section below for a discussion of Adjusted EBITDA and Adjusted EBITDA margin.

Results of Operations

Three Months Ended June 30, 2020 Compared With Three Months Ended June 30, 2019

	Three Months Ended June 30,		Increase/ (Decrease)		% of Revenue	
	2020	2019	Amount	%	2020	2019
(Dollars in millions)						
Revenue:						
Recurring services						
Cloud	\$ 134.7	\$ 123.3	\$ 11.4	9.2%	69.9%	62.8%
Bureau	24.4	40.2	(15.8)	(39.3)%	12.7%	20.5%
Total recurring services	159.1	163.5	(4.4)	(2.7)%	82.6%	83.3%
Professional services and other	33.5	32.8	0.7	2.1%	17.4%	16.7%
Total revenue	192.6	196.3	(3.7)	(1.9)%	100.0%	100.0%
Cost of revenue:						
Recurring services						
Cloud	39.4	37.8	1.6	4.2%	20.5%	19.3%
Bureau	9.9	10.9	(1.0)	(9.2)%	5.1%	5.6%
Total recurring services	49.3	48.7	0.6	1.2%	25.6%	24.8%
Professional services and other	37.9	34.2	3.7	10.8%	19.7%	17.4%
Product development and management	17.0	16.4	0.6	3.7%	8.8%	8.4%
Depreciation and amortization	9.8	9.0	0.8	8.9%	5.1%	4.6%
Total cost of revenue	114.0	108.3	5.7	5.3%	59.2%	55.2%
Gross profit	78.6	88.0	(9.4)	(10.7)%	40.8%	44.8%
Selling, general, and administrative	74.6	69.3	5.3	7.6%	38.7%	35.3%
Operating profit	4.0	18.7	(14.7)	(78.6)%	2.1%	9.5%
Interest expense, net	6.6	8.5	(1.9)	(22.4)%	3.4%	4.3%
Other expense, net	0.3	1.5	(1.2)	(80.0)%	0.2%	0.8%
Loss (income) before income taxes	(2.9)	8.7	(11.6)	(133.3)%	(1.5)%	4.4%
Income tax (benefit) expense	(8.4)	2.4	(10.8)	(450.0)%	(4.4)%	1.2%
Net income	\$ 5.5	\$ 6.3	\$ (0.8)	(12.7)%	2.9%	3.2%
Adjusted EBITDA (a)	\$ 37.5	\$ 44.0	\$ (6.5)	(14.8)%	19.5%	22.4%
Adjusted EBITDA margin (a)	19.5%	22.4%	(2.9)%	(12.9)%		

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

Revenue. The following table sets forth certain information regarding our revenues for the three months ended June 30, 2020, compared with the three months ended June 30, 2019.

	Three Months Ended June 30,		Percentage change in revenue as reported	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a)
	2020	2019	2020 vs. 2019		2020 vs. 2019
	(Dollars in millions)				
Revenue:					
Dayforce recurring services, excluding float	\$ 110.2	\$ 89.4	23.3%	(0.9)%	24.2%
Dayforce float	8.3	13.0	(36.2)%	(0.8)%	(35.4)%
Total Dayforce recurring services	118.5	102.4	15.7%	(0.9)%	16.6%
Powerpay recurring services, excluding float	14.4	18.0	(20.0)%	(2.2)%	(17.8)%
Powerpay float	1.8	2.9	(37.9)%	(3.4)%	(34.5)%
Total Powerpay recurring services	16.2	20.9	(22.5)%	(2.4)%	(20.1)%
Total Cloud recurring services	134.7	123.3	9.2%	(1.2)%	10.4%
Dayforce professional services and other	33.0	32.1	2.8%	(0.9)%	3.7%
Powerpay professional services and other	0.2	0.3	(33.3)%	(—)%	(33.3)%
Total Cloud professional services and other	33.2	32.4	2.5%	(0.9)%	3.4%
Total Cloud revenue	167.9	155.7	7.8%	(1.1)%	8.9%
Bureau recurring services, excluding float	23.0	35.8	(35.8)%	(0.6)%	(35.2)%
Bureau float	1.4	4.4	(68.2)%	(2.3)%	(65.9)%
Total Bureau recurring services	24.4	40.2	(39.3)%	(0.7)%	(38.6)%
Bureau professional services and other	0.3	0.4	(25.0)%	(—)%	(25.0)%
Total Bureau revenue	24.7	40.6	(39.2)%	(0.8)%	(38.4)%
Total revenue	\$ 192.6	\$ 196.3	(1.9)%	(1.0)%	(0.9)%
Dayforce	\$ 151.5	\$ 134.5	12.6%	(0.9)%	13.5%
Powerpay	16.4	21.2	(22.6)%	(2.3)%	(20.3)%
Total Cloud revenue	\$ 167.9	\$ 155.7	7.8%	(1.1)%	8.9%
Dayforce, excluding float	\$ 143.2	\$ 121.5	17.9%	(0.9)%	18.8%
Powerpay, excluding float	14.6	18.3	(20.2)%	(2.2)%	(18.0)%
Cloud revenue, excluding float	157.8	139.8	12.9%	(1.0)%	13.9%
Cloud float	10.1	15.9	(36.5)%	(1.3)%	(35.2)%
Total Cloud revenue	\$ 167.9	\$ 155.7	7.8%	(1.1)%	8.9%

(a) We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period.

Total revenue declined \$3.7 million, or 1.9%, to \$192.6 million for the three months ended June 30, 2020, compared to \$196.3 million for the three months ended June 30, 2019. This decline was primarily attributable to a decline in Bureau revenue of \$15.9 million, or 39.2%. The decline in Bureau revenue was partially offset by an increase in Cloud revenue of \$12.2 million, or 7.8%, from \$155.7 million for the three months ended June 30, 2019, to \$167.9 million for the three months ended June 30, 2020. The Cloud revenue increase was driven by an increase of \$11.4 million, or 9.2%, in Cloud recurring services revenue, and \$0.8 million, or 2.5%, in Cloud professional services and other revenue. The increase in Cloud recurring services revenue of \$11.4 million was due to \$11.4 million from new customers, add-ons, and revenue uplift from migrations of Bureau customers, net of customer losses and \$5.8 million from the migration of Bureau customers, partially offset by a \$5.8 million decline in float revenue related to Cloud recurring services revenue.

The COVID-19 pandemic has had an adverse impact on our revenue streams during the three months ended June 30, 2020, primarily in the form of lower employment levels at our customers, lower float revenue resulting from reductions in the U.S. Federal Reserve federal funds rate and the Bank of Canada overnight rate target, lower average float balances for our customer trust funds, lower demand for professional services, and customer delays in implementation services, among other effects. We estimate the impact of lower employment levels at our customers to be an approximately \$8 million decline to our revenue for the three months ended June 30, 2020, of which approximately \$5 million was related to Dayforce and approximately \$3 million was related to Powerpay. In

addition, we estimate the impact to float revenue to be approximately \$7 million for the three months ended June 30, 2020. Of the approximately \$7 million impact on float revenue, approximately \$4 million is calculated based on the rate reductions during the first quarter of 2020, and approximately \$3 million is related to lower average float balances for our customer trust funds.

Cloud revenue was \$167.9 million for the three months ended June 30, 2020, an increase of \$12.2 million, or 7.8%, compared to the three months ended June 30, 2019. Dayforce revenue increased 12.6%, and Powerpay revenue declined 22.6% for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019. Powerpay is designed primarily for small market Canadian customers, which typically have fewer than 20 employees, and these customers have been more adversely affected by the COVID-19 pandemic than larger Dayforce customers. Our new business sales to Dayforce and Powerpay customers comprised approximately 53% of our increase in Cloud revenue for the three months ended June 30, 2020, and approximately 47% consisted primarily of customer migrations to Dayforce from our Bureau solutions. The percentage of new business sales compared to customer migrations was adversely affected by the impact of the COVID-19 pandemic on our revenues. As we migrate our Bureau customers to Dayforce, we typically experience a revenue increase from such customers, driven by increased product density on the Dayforce platform.

Bureau revenue declined \$15.9 million, or 39.2%, for the three months ended June 30, 2020. Of the \$15.9 million decline, approximately 37% was attributable to customer migrations to Dayforce. Excluding the impact of migrations to Dayforce, Bureau revenue declined by \$10.1 million, or 24.9%.

Excluding float revenue and on a constant currency basis, total revenue grew 3.9%, reflecting a 13.9% increase in Cloud revenue, partially offset by a 35.1% decline in Bureau revenue. Excluding float revenue and on a constant currency basis, Cloud revenue growth reflected a 17.1% increase in Cloud recurring services revenue and a 3.4% increase in Cloud professional services and other revenue. Excluding float revenue and on a constant currency basis, Dayforce revenue increased 18.8%, reflecting a 24.2% increase in Dayforce recurring service revenue and a 3.7% increase in Dayforce professional services and other revenue. Excluding float revenue and on a constant currency basis, Powerpay revenue declined 18.0%, primarily due to a 17.8% decline in Powerpay recurring service revenue.

Float revenue included in recurring services revenue was \$11.5 million and \$20.3 million for the three months ended June 30, 2020, and 2019, respectively. Float revenue allocated to Cloud revenue was \$10.1 million and \$15.9 million, respectively, for the three months ended June 30, 2020, and 2019, respectively. The average float balance for our customer trust funds for the three months ended June 30, 2020, was \$2,976.6 million, compared to \$3,392.3 million for the three months ended June 30, 2019. On a constant currency basis, the average float balance for our customer trust funds for the three months ended June 30, 2020, declined 11.2% compared to the three months ended June 30, 2019. This decline was primarily attributable to lower payroll balances and associated tax payments as a result of the COVID-19 pandemic impact to employment levels at our customers. The average yield was 1.55% during the three months ended June 30, 2020, a decline of 86 basis points compared to the average yield during the three months ended June 30, 2019, primarily due to reductions in the U.S. Federal Reserve federal funds rate and the Bank of Canada overnight rate target. For the three months ended June 30, 2020, approximately 34% of our average float balance consisted of Canadian customer trust funds, compared to approximately 36% for the three months ended June 30, 2019. Based on current market conditions, portfolio composition and investment practices, a 100 basis point change in market investment rates would result in approximately \$17 million of change in float revenue over the ensuing twelve month period. There are no incremental costs of revenue associated with changes in float revenue.

Cost of revenue. Total cost of revenue for the three months ended June 30, 2020, was \$114.0 million, an increase of \$5.7 million, or 5.3%, compared to the three months ended June 30, 2019. Recurring services cost of revenue for the three months ended June 30, 2020, increased \$0.6 million, or 1.2%, compared with the three months ended June 30, 2019, primarily due to additional costs related to global expansion and costs to support the growing Dayforce customer base, partially offset by reductions in Bureau costs. Professional services and other cost of revenue increased \$3.7 million, or 10.8%, for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, primarily due to additional costs incurred to implement new customers.

Product development and management expense increased \$0.6 million for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, reflecting increases in product management labor costs. For the three months ended June 30, 2020, and 2019, our investment in software development was \$17.0 million and \$15.6 million, respectively, consisting of \$7.6 million and \$8.1 million, of research and development expense, which is included within product development and management expense, and \$9.4 million and \$7.5 million in capitalized software development costs, respectively.

Depreciation and amortization expense associated with cost of revenue increased by \$0.8 million for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, as we continue to capitalize Dayforce related and other development costs and subsequently amortize these costs.

Gross profit. The following table presents total gross margin and solution gross margins for the periods presented:

	Three Months Ended June 30,	
	2020	2019
Total gross margin	40.8%	44.8%
Gross margin by solution:		
Cloud recurring services	70.7%	69.3%
Bureau recurring services	59.4%	72.9%
Professional services and other	(13.1)%	(4.3)%

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.

Total gross margin for the three months ended June 30, 2020, declined 4.0% compared to total gross margin for the three months ended June 30, 2019, and gross profit declined by \$9.4 million, or 10.7%. The \$9.4 million decline in gross profit was primarily attributable to the \$8.8 million decline in float revenue for the three months ended June 30, 2020, compared to the three months ended June 30, 2019.

Cloud recurring services gross margin was 70.7% for the three months ended June 30, 2020, compared to 69.3% for the three months ended June 30, 2019. Excluding float revenue, Cloud recurring service gross margin was 68.4% for the three months ended June 30, 2020, compared to 64.8% for the three months ended June 30, 2019. The increase in Cloud recurring services gross margin, excluding float revenue, reflects an increase in the proportion of Dayforce customers live for more than two years, which increased from 67% as of June 30, 2019, to 72% as of June 30, 2020, and was also attributable to consistent configuration that has enabled us to continue to realize economies of scale in hosting and customer support. Bureau recurring services gross margin declined from 72.9% for the three months ended June 30, 2019, to 59.4% for the three months ended June 30, 2020, primarily due to lower Bureau recurring revenue, including high margin float revenue. Professional services and other gross margin was (13.1)% for the three months ended June 30, 2020, compared to (4.3)% for the three months ended June 30, 2019, reflecting lower utilization during the COVID-19 pandemic.

Selling, general, and administrative expense. Selling, general, and administrative expense increased \$5.3 million for the three months ended June 30, 2020, compared to the three months ended June 30, 2019. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and certain other non-recurring charges; selling, general, and administrative expenses would have been reduced by \$3.2 million. This adjusted reduction reflects a reduction of \$4.0 million in general and administrative expense, primarily customer list amortization expense, partially offset by a \$0.8 million increase in sales and marketing expense. Please refer to the “Non-GAAP Measures” section for additional information on the excluded items.

Operating profit. We realized operating profit of \$4.0 million for the three months ended June 30, 2020, compared to \$18.7 million for the three months ended June 30, 2019. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and certain other non-recurring charges; operating profit would have been \$26.2 million and \$30.7 million for the three months ended June 30, 2020, and 2019, respectively. This \$4.5 million adjusted reduction was primarily as a result of the decline in float revenue.

Interest expense, net. Interest expense, net was \$6.6 million and \$8.5 million for the three months ended June 30, 2020, and 2019, respectively, which was primarily due to a reduction in our term debt interest rate. A 100 basis point change in LIBOR rates would result in an approximately \$10 million change in our interest expense, net over the ensuing twelve-month period.

Other expense, net. For the three months ended June 30, 2020, and 2019, we incurred other expense, net of \$0.3 million and \$1.5 million, respectively, which was comprised of net periodic pension expense, partially offset by foreign currency translation gain for the three months ended June 30, 2020. For the three months ended June 30, 2019, other expense, net was comprised of net period pension expense and foreign currency translation loss.

Income tax (benefit) expense. For the three months ended June 30, 2020, and 2019, we recorded an income tax benefit of \$8.4 million, and income tax expense of \$2.4 million, respectively. The \$10.8 million reduction in income tax expense was primarily due to reductions in tax expense attributable to U.S. and foreign operations of \$2.4 million, state taxes in the U.S. of \$1.2 million, share-based compensation of \$3.8 million, and base erosion anti-abuse tax (“BEAT”) in the U.S. of \$3.6 million.

Net income. We realized net income of \$5.5 million for the three months ended June 30, 2020, compared to \$6.3 million for the three months ended June 30, 2019.

Adjusted EBITDA. Adjusted EBITDA declined by \$6.5 million to \$37.5 million, for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, and Adjusted EBITDA margin was 19.5% for the three months ended June 30, 2020, compared with Adjusted EBITDA margin of 22.4% for the three months ended June 30, 2019.

Six Months Ended June 30, 2020 Compared With Six Months Ended June 30, 2019

	Six Months Ended June 30,		Increase/ (Decrease)		% of Revenue	
	2020	2019	Amount	%	2020	2019
(Dollars in millions)						
Revenue:						
Recurring services						
Cloud	\$ 284.6	\$ 247.7	\$ 36.9	14.9%	68.5%	61.9%
Bureau	56.0	88.6	(32.6)	(36.8)%	13.5%	22.2%
Total recurring services	340.6	336.3	4.3	1.3%	82.0%	84.1%
Professional services and other	74.7	63.7	11.0	17.3%	18.0%	15.9%
Total revenue	415.3	400.0	15.3	3.8%	100.0%	100.0%
Cost of revenue:						
Recurring services						
Cloud	80.4	75.0	5.4	7.2%	19.4%	18.8%
Bureau	21.1	24.6	(3.5)	(14.2)%	5.1%	6.2%
Total recurring services	101.5	99.6	1.9	1.9%	24.4%	24.9%
Professional services and other	80.5	69.5	11.0	15.8%	19.4%	17.4%
Product development and management	34.6	31.6	3.0	9.5%	8.3%	7.9%
Depreciation and amortization	19.6	17.7	1.9	10.7%	4.7%	4.4%
Total cost of revenue	236.2	218.4	17.8	8.2%	56.9%	54.6%
Gross profit	179.1	181.6	(2.5)	(1.4)%	43.1%	45.4%
Selling, general, and administrative	148.8	135.5	13.3	9.8%	35.8%	33.9%
Operating profit	30.3	46.1	(15.8)	(34.3)%	7.3%	11.5%
Interest expense, net	13.5	17.4	(3.9)	(22.4)%	3.3%	4.4%
Other expense, net	2.9	3.1	(0.2)	(6.5)%	0.7%	0.8%
Income before income taxes	13.9	25.6	(11.7)	(45.7)%	3.3%	6.4%
Income tax (benefit) expense	(0.2)	8.1	(8.3)	(102.5)%	(0.0)%	2.0%
Net income	\$ 14.1	\$ 17.5	\$ (3.4)	(19.4)%	3.4%	4.4%
Adjusted EBITDA (a)	\$ 92.7	\$ 93.8	\$ (1.1)	(1.2)%	22.3%	23.5%
Adjusted EBITDA margin (a)	22.3%	23.5%	(1.2)%	(5.0)%		

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

Revenue. The following table sets forth certain information regarding our revenues for the six months ended June 30, 2020, compared with the six months ended June 30, 2019.

	Six Months Ended June 30,		Percentage change in revenue as reported	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a)
	2020	2019	2020 vs. 2019		2020 vs. 2019
(Dollars in millions)					
Revenue:					
Dayforce recurring services, excluding float	\$ 224.2	\$ 177.0	26.7%	(0.5)%	27.2%
Dayforce float	22.4	28.3	(20.8)%	(0.3)%	(20.5)%
Total Dayforce recurring services	246.6	205.3	20.1%	(0.6)%	20.7%
Powerpay recurring services, excluding float	33.4	36.3	(8.0)%	(1.1)%	(6.9)%
Powerpay float	4.6	6.1	(24.6)%	(1.6)%	(23.0)%
Total Powerpay recurring services	38.0	42.4	(10.4)%	(1.2)%	(9.2)%
Total Cloud recurring services	284.6	247.7	14.9%	(0.6)%	15.5%
Dayforce professional services and other	73.7	62.0	18.9%	(0.6)%	19.5%
Powerpay professional services and other	0.5	0.6	(16.7)%	(—)%	(16.7)%
Total Cloud professional services and other	74.2	62.6	18.5%	(0.7)%	19.2%
Total Cloud revenue	358.8	310.3	15.6%	(0.7)%	16.3%
Bureau recurring services, excluding float	51.9	78.4	(33.8)%	(0.4)%	(33.4)%
Bureau float	4.1	10.2	(59.8)%	(1.0)%	(58.8)%
Total Bureau recurring services	56.0	88.6	(36.8)%	(0.5)%	(36.3)%
Bureau professional services and other	0.5	1.1	(54.5)%	(—)%	(54.5)%
Total Bureau revenue	56.5	89.7	(37.0)%	(0.4)%	(36.6)%
Total revenue	\$ 415.3	\$ 400.0	3.8%	(0.6)%	4.4%
Dayforce	\$ 320.3	\$ 267.3	19.8%	(0.6)%	20.4%
Powerpay	38.5	43.0	(10.5)%	(1.2)%	(9.3)%
Total Cloud revenue	\$ 358.8	\$ 310.3	15.6%	(0.7)%	16.3%
Dayforce, excluding float	\$ 297.9	\$ 239.0	24.6%	(0.6)%	25.2%
Powerpay, excluding float	33.9	36.9	(8.1)%	(1.1)%	(7.0)%
Cloud revenue, excluding float	331.8	275.9	20.3%	(0.6)%	20.9%
Cloud float	27.0	34.4	(21.5)%	(0.6)%	(20.9)%
Total Cloud revenue	\$ 358.8	\$ 310.3	15.6%	(0.7)%	16.3%

(a) Please refer to “Non-GAAP Measures” section for additional information on our constant currency revenue, a non-GAAP financial measure.

Total revenue increased \$15.3 million, or 3.8%, to \$415.3 million for the six months ended June 30, 2020, compared to \$400.0 million for the six months ended June 30, 2019. This increase was primarily attributable to an increase in Cloud revenue of \$48.5 million, or 15.6%, from \$310.3 million for the six months ended June 30, 2019, to \$358.8 million for the six months ended June 30, 2020. The Cloud revenue increase was driven by an increase of \$36.9 million, or 14.9%, in Cloud recurring services revenue, and \$11.6 million, or 18.5%, in Cloud professional services and other revenue. The increase in Cloud recurring services revenue of \$36.9 million was due to \$32.7 million from new customers, add-ons, and revenue uplift from migrations of Bureau customers, net of customer losses and \$11.6 million from the migration of Bureau customers, partially offset by a decline of \$7.4 million from float revenue related to Cloud recurring services revenue.

The COVID-19 pandemic has had an adverse impact on our revenue streams during the six months ended June 30, 2020, primarily in the form of lower employment levels at our customers, lower float revenue resulting from reductions in the U.S. Federal Reserve federal funds rate and the Bank of Canada overnight rate target, lower average float balances for our customer trust funds, lower demand for professional services, and customer delays in implementation services, among other effects. We estimate the impact of lower employment levels at our customers to be an approximately \$8 million decline to our revenue for the six months ended

June 30, 2020, of which approximately \$5 million was related to Dayforce and approximately \$3 million was related to Powerpay. In addition, we estimate the impact to float revenue to be approximately \$8 million for the six months ended June 30, 2020. Of the approximately \$8 million impact on float revenue, approximately \$5 million is calculated based on the rate reductions during the first quarter of 2020, and approximately \$3 million is related to lower average float balances for our customer trust funds.

Cloud revenue was \$358.8 million for the six months ended June 30, 2020, an increase of \$48.5 million, or 15.6%, compared to the six months ended June 30, 2019. Dayforce revenue increased 19.8%, and Powerpay revenue declined 10.5% for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019. On a constant currency basis, Dayforce revenue increased 20.4%, and Powerpay revenue declined 9.3% for the six months ended June 30, 2020, compared to the six months ended June 30, 2019. Powerpay revenue is recognized on a per-employee, per-process basis, and the timing of customer processing at year-end can vary from year to year. Powerpay is designed primarily for small market Canadian customers, which typically have fewer than 20 employees, and these customers have been more adversely affected by the COVID-19 pandemic than larger Dayforce customers. Our new business sales to Dayforce and Powerpay customers comprised approximately 76% of our increase in Cloud revenue for the six months ended June 30, 2020, and approximately 24% consisted primarily of customer migrations to Dayforce from our Bureau solutions. The percentage of new business sales compared to customer migrations was adversely affected by the impact of the COVID-19 pandemic on our revenues. As we migrate our Bureau customers to Dayforce, we typically experience a revenue increase from such customers driven by increased product density on the Dayforce platform.

Bureau revenue declined \$33.2 million, or 37.0% for the six months ended June 30, 2020. Of the \$33.2 million decline, approximately 35% was attributable to customer migrations to Dayforce. Excluding the impact of migrations to Dayforce, Bureau revenue declined by \$21.6 million, or 24.1%.

Excluding float revenue and on a constant currency basis, total revenue grew 8.7%, reflecting a 20.9% increase in Cloud revenue, partially offset by a 33.7% decline in Bureau revenue. Excluding float revenue and on a constant currency basis, Cloud revenue growth reflected a 21.4% increase in Cloud recurring services revenue and a 19.2% increase in Cloud professional services and other revenue. Excluding float revenue and on a constant currency basis, Dayforce revenue increased 25.2%, reflecting a 27.2% increase in Dayforce recurring service revenue and a 19.5% increase in Dayforce professional services and other revenue. Excluding float revenue and on a constant currency basis, Powerpay revenue declined 7.0%, reflecting a 6.9% decline in Powerpay recurring service revenue.

Investment income from invested customer trust funds included in revenue was \$31.1 million and \$44.6 million for the six months ended June 30, 2020, and 2019, respectively. Float revenue allocated to Cloud revenue was \$27.0 million and \$34.4 million, respectively, for the six months ended June 30, 2020, and 2019, respectively. The average float balance for our customer trust funds for the six months ended June 30, 2020, was \$3,535.0 million, compared to \$3,733.3 million for the six months ended June 30, 2019. On a constant currency basis, the average float balance for our customer trust funds declined 4.8% for the six months ended June 30, 2020, compared to the six months ended June 30, 2019. The average yield was 1.77% during the six months ended June 30, 2020, a decline of 65 basis points compared to the average yield in the six months ended June 30, 2019. For the six months ended June 30, 2020, approximately 32% of our average float balance consisted of Canadian customer trust funds, compared to approximately 35% for the six months ended June 30, 2019. Based on current market conditions, portfolio composition and investment practices, a 100 basis point change in market investment rates would result in approximately \$17 million of change in float revenue over the ensuing twelve month period.

Cost of revenue. Total cost of revenue for the six months ended June 30, 2020, was \$236.2 million, an increase of \$17.8 million, or 8.2%, compared to the six months ended June 30, 2019. Recurring services cost of revenue increased \$1.9 million, or 1.9% for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, primarily due to additional costs related to global expansion and costs to support the growing Dayforce customer base, partially offset by reductions in Bureau costs. The increase in cost of revenue for professional services and other of \$11.0 million, or 15.8% for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, was primarily due to additional costs incurred to implement new customers.

Product development and management expense increased \$3.0 million for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, reflecting increases in Dayforce product development efforts, including costs to build out the Dayforce Wallet and our international offerings that are not eligible for capitalization, and increases in product management labor costs. For the six months ended June 30, 2020, and 2019, our investment in software development was \$34.2 million and \$30.7 million, respectively, consisting of \$15.7 million and \$15.9 million, of research and development expense, which is included within product development and management expense, and \$18.5 million and \$14.8 million in capitalized software development, respectively.

Depreciation and amortization expense associated with cost of revenue increased by \$1.9 million for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, as we continue to capitalize Dayforce related and other development costs and subsequently amortize those costs.

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

	<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Total gross margin	43.1%	45.4%
Gross margin by solution:		
Cloud recurring services	71.7%	69.7%
Bureau recurring services	62.3%	72.2%
Professional services and other	(7.8)%	(9.1)%

Total gross margin for the six months ended June 30, 2020, declined 2.3% compared to total gross margin for the six months ended June 30, 2019, and gross profit declined \$2.5 million.

Cloud recurring services gross margin was 71.7% for the six months ended June 30, 2020, compared to 69.7% for the six months ended June 30, 2019. Excluding float revenue, Cloud recurring service gross margin was 68.8% for the six months ended June 30, 2020, compared to 64.8% for the six months ended June 30, 2019. 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 67% as of June 30, 2019, to 72% as of June 30, 2020, and was also attributable to consistent configuration that has enabled us to realize economies of scale in customer support and hosting costs. Bureau recurring services gross margin declined from 72.2% for the six months ended June 30, 2019, to 62.3% for the six months ended June 30, 2020, primarily due to lower Bureau recurring revenue, including high margin float revenue. Professional services and other gross margin was (7.8)% for the six months ended June 30, 2020, improving from (9.1)% for the six months ended June 30, 2019, reflecting continued productivity improvements in implementing new customers during the first quarter of 2020, until the onset of the COVID-19 pandemic adversely affected utilization of employees.

Selling, general, and administrative expense. Selling, general, and administrative expense increased by \$13.3 million for the six months ended June 30, 2020, compared to the six months ended June 30, 2019. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and certain other non-recurring charges; selling, general, and administrative expenses would have been reduced by \$1.3 million. This adjusted reduction of \$1.3 million reflects a reduction of \$6.6 million in general and administrative expense, primarily customer list amortization expense, partially offset by a \$5.3 million increase in sales and marketing, primarily employee related costs. Please refer to the “Non-GAAP Measures” section for additional information on the excluded items.

Operating profit. Operating profit declined \$15.8 million to \$30.3 million, for the six months ended June 30, 2020, from \$46.1 million for the six months ended June 30, 2019. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and other certain non-recurring charges; operating profit would have been \$70.4 million and \$67.4 million for the six months ended June 30, 2020, and 2019, respectively.

Interest expense. Interest expense was \$13.5 million for the six months ended June 30, 2020, compared to \$17.4 million for the six months ended June 30, 2019, which was primarily due to a reduction in our term debt interest rate. A 100 basis point change in LIBOR rates would result in an approximately \$10 million change in our interest expense over the ensuing twelve-month period.

Other expense, net. For the six months ended June 30, 2020, we incurred \$2.9 million of other expense, net, compared to \$3.1 million of other expense, net, for the six months ended June 30, 2019.

Income tax (benefit) expense. For the six months ended June 30, 2020, and 2019, we recorded income tax benefit of \$0.2 million and income tax expenses of \$8.1 million, respectively. The \$8.3 million reduction in tax expense was primarily due to reductions in income tax expense attributable to U.S. and foreign operations of \$2.5 million, base erosion anti-abuse tax (“BEAT”) in the U.S. of \$6.0 million, global intangible low taxed income (“GILTI”) in the US of \$3.0 million, and other tax benefits of \$2.0 million, partially offset by increases in income tax expense attributable to state taxes in the U.S. of \$1.4 million, stock-based compensation of \$0.6 million, and a \$3.2 million tax benefit recognized during the six months ended June 30, 2019, that was not repeated during the six months ended June 30, 2020.

Net income. Net income was \$14.1 million for the six months ended June 30, 2020, compared to \$17.5 million for the six months ended June 30, 2019.

Adjusted EBITDA. Adjusted EBITDA declined by \$1.1 million to \$92.7 million, for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, and Adjusted EBITDA margin was 22.3% for the six months ended June 30, 2020, compared with 23.5% for the six months ended June 30, 2019.

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 June 30, 2020, we had cash and equivalents of \$526.9 million. On April 2, 2020, in light of the current uncertainty in the global capital markets resulting from the COVID-19 pandemic, Ceridian elected to borrow \$295.0 million under the 2018 Revolving Credit Facility as a precautionary measure to increase our cash position and to preserve financial flexibility. We may use a portion of the proceeds from the borrowing for general corporate purposes. Our total debt balance was \$973.5 million as of June 30, 2020.

On February 19, 2020, Ceridian completed the first amendment to the 2018 Senior Secured Credit Facility, in which the 2018 Term Debt interest rate was reduced from LIBOR plus 3.00% to LIBOR plus 2.50%. Further, the interest rate trigger under the applicable rating by Moody's Investor Service was removed by the first amendment. The 50 basis point rate reduction will result in savings of approximately \$3.4 million over the ensuing twelve-month period. Please refer to Note 7, "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, capital expenditures, pension contributions, and product development.

Our customer trust funds are held and invested with the primary objectives being to protect the principal balance and to ensure adequate liquidity to meet cash flow requirements. In accordance with these objectives, we maintain approximately 47% 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 53% 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

Changes in cash flows due to purchases of customer trust fund marketable securities and proceeds from the sale or maturity of customer trust fund marketable securities, as well as the carrying value of customer trust fund accounts as of period end dates can vary significantly due to several factors, including the specific day of the week the period ends, which impacts the timing of funds collected from customers and payments made to satisfy customer obligations to employees, taxing authorities, and others. The customer trust funds are fully segregated from our operating cash accounts and are evaluated and tracked separately by management. Therefore, we have provided the table below excluding the cash flows and restricted cash and equivalents held within our customer trust funds to provide supplemental information regarding the cash flows related to our core business.

	Six Months Ended June 30,	
	2020	2019
	(Dollars in millions)	
Net cash provided by operating activities, excluding customer trust funds	\$ 12.7	\$ 10.2
Net cash used in investing activities, excluding customer trust funds	(100.3)	(36.6)
Net cash provided by financing activities, excluding customer trust funds	341.1	40.7
Effect of exchange rate changes on cash and equivalents	(7.9)	5.8
Net increase in cash and equivalents	245.6	20.1
Cash and equivalents at beginning of period	281.3	217.8
Cash and equivalents at end of period	526.9	237.9
Net customer trust funds restricted cash provided by operating activities	11.2	—
Net customer trust funds restricted cash provided by (used in) investing activities	201.5	(65.3)
Net customer trust funds restricted cash (used in) provided by financing activities	(571.4)	1,308.9
Effect of exchange rate changes on restricted cash and equivalents	(4.5)	1.6
Net (decrease) increase in restricted cash and equivalents	(363.2)	1,245.2
Restricted cash and equivalents included in customer trust funds at beginning of period	1,377.3	888.5
Restricted cash and equivalents included in customer trust funds at end of period	1,014.1	2,133.7
Net (decrease) increase in cash, restricted cash, and equivalents	(117.6)	1,265.3
Cash, restricted cash, and equivalents at beginning of period	1,658.6	1,106.3
Cash, restricted cash, and equivalents at end of period	<u>\$ 1,541.0</u>	<u>\$ 2,371.6</u>

Operating Activities

Net cash provided by operating activities, was \$23.9 million during the six months ended June 30, 2020, primarily attributable to net income of \$14.1 million and the net impact of adjustments for certain non-cash items of \$55.2 million, including \$27.8 million of non-cash share-based compensation expense and \$23.9 million of depreciation and amortization. These items were partially offset by net working capital reductions of \$45.4 million, which included a \$21.3 million reduction in liabilities for employee compensation and benefits due to payments of accrued incentive compensation, a \$7.5 million net change in other assets and liabilities, and a \$6.4 million increase in prepaid expenses and other current assets, primarily due to annual maintenance contracts. Included within net cash flows provided by operating activities for the six months ended June 30, 2020, was \$14.3 million in cash interest payments on our long-term debt and \$2.2 million in cash tax payments, net of refunds.

Net cash provided by operating activities of \$10.2 million during the six months ended June 30, 2019, was primarily attributable to net income of \$17.5 million and certain non-cash items, primarily \$29.0 million of depreciation and amortization and \$15.6 million of non-cash share-based compensation expense, partially offset by net working capital reductions of \$51.1 million. The net \$51.1 million change in working capital included reductions of \$19.5 million in liabilities for employee compensation and benefits, primarily due to payments of accrued incentive compensation and pension contributions; \$8.1 million for accrued taxes, primarily due to cash tax payments partially offset by additional provision accruals, \$5.7 million for accounts payables and other accrued expenses, and increases in assets of \$11.1 million for prepaid expenses and other current assets, primarily due to annual maintenance contracts. Included within net cash flows provided by operating activities for the six months ended June 30, 2019, was \$21.1 million in cash tax payments, \$19.2 million in cash interest payments on our long-term debt, and \$6.7 million in pension contributions.

Investing Activities

During the six months ended June 30, 2020, net cash used in investing activities, excluding customer trust fund activity, was \$100.3 million, related to capital expenditures of \$29.7 million and acquisition costs, net of cash acquired of \$70.6 million. Our capital expenditures included \$19.8 million for software and technology and \$9.9 million for property and equipment.

During the six months ended June 30, 2019, net cash used in investing activities, excluding customer trust fund activity, was \$36.6 million, related to capital expenditures of \$26.4 million and acquisition costs, net of cash acquired of \$10.2 million. Our capital expenditures included \$18.7 million for software and technology and \$7.7 million for property and equipment.

Financing Activities

Net cash provided by financing activities, excluding the change in customer trust fund obligations, was \$341.1 million during the six months ended June 30, 2020. This cash inflow is primarily attributable to proceeds from a draw on the 2018 Revolving Credit Facility of \$295.0 million and proceeds from the issuance of common stock upon exercise of stock options of \$51.5 million, partially offset by payments on our long-term debt obligations of \$5.4 million. The payments on our long-term debt obligations included \$3.4 million in principal payments towards our 2018 Term Loan and \$2.0 million in payments towards our financing lease obligations.

Net cash provided by financing activities, excluding the change in customer trust fund obligations, was \$40.7 million during the six months ended June 30, 2019. This cash inflow is primarily attributable to proceeds from the issuance of common stock upon exercise of stock options of \$44.1 million, partially offset by principal payments on our long-term debt obligations of \$3.4 million.

Backlog

Backlog is equivalent to our remaining performance obligations, which represents contracted revenue for recurring services and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. Please refer to Note 10, "Revenue," to our condensed consolidated financial statements for further discussion of our remaining performance obligations.

Off-Balance Sheet Arrangements

As of June 30, 2020, we did not have any "off-balance sheet arrangements" (as such term is defined in Item 303 of Regulation S-K).

Critical Accounting Policies and Estimates

During the six months ended June 30, 2020, there were no significant changes to our critical accounting policies and estimates as described in the consolidated financial statements contained in our 2019 Form 10-K.

Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-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 before interest, taxes, depreciation, and amortization, as adjusted to exclude gain (loss) on assets and liabilities held in a foreign currency other than the functional currency of a company subsidiary, share-based compensation expense and related employer taxes, severance charges, restructuring consulting fees, and certain other non-recurring 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, GAAP. Adjusted EBITDA and Adjusted EBITDA margin should not be considered as alternatives to operating profit, net income, earnings per share, or any other performance measures derived in accordance with 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 GAAP, are not measures of net income, operating profit, or any other performance measures derived in accordance with 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 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 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 and related employer taxes 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;
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect our income tax expense or the cash requirements to pay our income taxes; and
- Adjusted EBITDA and Adjusted EBITDA margin do not reflect certain other non-recurring charges.

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(Dollars in millions)			
Operating profit	\$ 4.0	\$ 18.7	\$ 30.3	\$ 46.1
Other expense, net	(0.3)	(1.5)	(2.9)	(3.1)
Depreciation and amortization	12.1	14.6	23.9	29.0
EBITDA (a)	15.8	31.8	51.3	72.0
Intercompany foreign exchange (gain) loss	(0.5)	0.2	1.3	0.5
Share-based compensation (b)	16.5	9.6	29.2	15.6
Severance charges (c)	0.7	1.5	4.7	3.6
Restructuring consulting fees (d)	5.1	0.9	6.6	2.1
Other non-recurring charges (e)	(0.1)	—	(0.4)	—
Adjusted EBITDA	<u>\$ 37.5</u>	<u>\$ 44.0</u>	<u>\$ 92.7</u>	<u>\$ 93.8</u>
Adjusted EBITDA margin	19.5%	22.4%	22.3%	23.5%

- (a) We define EBITDA as net income before interest, taxes, and depreciation and amortization.
- (b) Represents share-based compensation expense and related employer taxes.
- (c) Represents costs for severance compensation paid to employees whose positions have been eliminated or who have been terminated not for cause.
- (d) 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.
- (e) Represents gain on unrecovered duplicate payments associated with our isolated service incident. Please refer to Note 14, "Commitments and Contingencies," for further discussion.

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

	Three Months Ended June 30, 2020					
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted	
	(Dollars in millions)					
Cost of revenue:						
Recurring services	\$ 49.3	\$ 1.9	\$ —	\$ —	\$	47.4
Professional services and other	37.9	1.0	0.1	—		36.8
Product development and management	17.0	1.4	0.1	—		15.5
Depreciation and amortization	9.8	—	—	—		9.8
Total cost of revenue	114.0	4.3	0.2	—		109.5
Sales and marketing	36.0	1.8	0.2	—		34.0
General and administrative	38.6	10.4	0.3	5.0		22.9
Operating profit	4.0	16.5	0.7	5.0		26.2
Other expense, net	0.3	—	—	(0.5)		0.8
Depreciation and amortization	12.1	—	—	—		12.1
EBITDA	\$ 15.8	\$ 16.5	\$ 0.7	\$ 4.5	\$	37.5

- (a) Other operating expenses includes intercompany foreign exchange gain, restructuring consulting fees, and other non-recurring charges.

	Three Months Ended June 30, 2019					
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted	
	(Dollars in millions)					
Cost of revenue:						
Recurring services	\$ 48.7	\$ 0.8	\$ 0.6	\$ —	\$	47.3
Professional services and other	34.2	0.5	0.2	—		33.5
Product development and management	16.4	0.7	—	—		15.7
Depreciation and amortization	9.0	—	—	—		9.0
Total cost of revenue	108.3	2.0	0.8	—		105.5
Sales and marketing	34.9	1.3	0.4	—		33.2
General and administrative	34.4	6.3	0.3	0.9		26.9
Operating profit	18.7	9.6	1.5	0.9		30.7
Other expense, net	1.5	—	—	0.2		1.3
Depreciation and amortization	14.6	—	—	—		14.6
EBITDA	\$ 31.8	\$ 9.6	\$ 1.5	\$ 1.1	\$	44.0

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

Six Months Ended June 30, 2020

	<u>As reported</u>	<u>Share-based compensation</u>	<u>Severance charges</u>	<u>Other operating expenses (a)</u>	<u>Adjusted</u>
	(Dollars in millions)				
Cost of revenue:					
Recurring services	\$ 101.5	\$ 2.7	\$ 0.8	\$ —	\$ 98.0
Professional services and other	80.5	1.5	0.9	—	78.1
Product development and management	34.6	2.3	0.4	—	31.9
Depreciation and amortization	19.6	—	—	—	19.6
Total cost of revenue	236.2	6.5	2.1	—	227.6
Sales and marketing	76.7	4.0	1.0	—	71.7
General and administrative	72.1	18.7	1.6	6.2	45.6
Operating profit	30.3	29.2	4.7	6.2	70.4
Other expense, net	2.9	—	—	1.3	1.6
Depreciation and amortization	23.9	—	—	—	23.9
EBITDA	\$ 51.3	\$ 29.2	\$ 4.7	\$ 7.5	\$ 92.7

(a) Other operating expenses includes intercompany foreign exchange loss, restructuring consulting fees, and other non-recurring charges.

Six Months Ended June 30, 2019

	<u>As reported</u>	<u>Share-based compensation</u>	<u>Severance charges</u>	<u>Other operating expenses (a)</u>	<u>Adjusted</u>
	(Dollars in millions)				
Cost of revenue:					
Recurring services	\$ 99.6	\$ 1.2	\$ 0.8	\$ —	\$ 97.6
Professional services and other	69.5	0.7	0.4	—	68.4
Product development and management	31.6	1.2	0.1	—	30.3
Depreciation and amortization	17.7	—	—	—	17.7
Total cost of revenue	218.4	3.1	1.3	—	214.0
Sales and marketing	70.1	2.3	1.4	—	66.4
General and administrative	65.4	10.2	0.9	2.1	52.2
Operating profit	46.1	15.6	3.6	2.1	67.4
Other expense, net	3.1	—	—	0.5	2.6
Depreciation and amortization	29.0	—	—	—	29.0
EBITDA	\$ 72.0	\$ 15.6	\$ 3.6	\$ 2.6	\$ 93.8

(a) Other operating expenses includes intercompany foreign exchange loss and restructuring consulting fees.

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. These market risks may be amplified by events and factors surrounding the COVID-19 pandemic. 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 in high-quality bank deposits, money market mutual funds, or collateralized short-term investments. We 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 unrecoverable.

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 2019, we contributed \$18.0 million to our pension plan. The effective discount rate used in accounting for pension and other benefit obligations in 2019 ranged from 2.52% to 2.81%. The expected rate of return on plan assets for qualified pension benefits in 2020 is 5.70%.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Exchange Act, are controls and procedures that are designed to ensure 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 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 of the end of the period covered by this 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 Form 10-Q are effective. 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

Due to the COVID-19 pandemic, we now have more employees working from home. While our internal controls over financial reporting are designed to allow for remote execution, we continue to evaluate and may make changes that may materially affect our internal controls over financial reporting. There were no changes to our internal controls over financial reporting during the three months ended June 30, 2020, that have materially affected, or that are reasonably likely to materially affect, our internal controls 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. Discussion of Legal Matters is incorporated by reference from Part I, Item 1, Note 14, "Commitments and Contingencies," of this Form 10-Q and should be considered an integral part of Part II, Item 1, "Legal Proceedings".

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 with the exception of the items listed below.

Our business has been adversely affected and will likely continue to be adversely affected by the COVID-19 pandemic.

The global spread of the COVID-19 pandemic has created significant global volatility, uncertainty, and economic disruption. The COVID-19 pandemic began to adversely affect our operations in March 2020. The extent to which the COVID-19 pandemic will continue to adversely affect our business, operations, and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including but not limited to:

- the duration and scope of the pandemic;
- governmental, business, and individuals' actions that have been and continue to be taken in response to the pandemic;
- the impact of the pandemic on economic activity and actions taken in response;
- the declining employment levels of our customers;
- the effect on our customers' demand for or the delays in implementing our services;
- our ability to sell and to provide our services to our current and future customers, including as a result of travel restrictions and people working from home;
- the ability of our customers to pay for our services or to make us whole for advances of earned net wages and associated tax amounts made on their behalf by us; and
- our ability to safely and efficiently navigate our employees' return to the workplace and adapt to the evolving business environment resulting from the COVID-19 pandemic.

Existing or potential customers have and may continue to reduce employee headcount, to slow down decision-making, to delay planned work, or to seek to modify existing agreements, especially those customers significantly adversely affected by the pandemic's economic impact in areas where we have significant concentrations, including the retail and hospitality sectors.

Further, the effects of the pandemic have and may continue to reduce our float revenue as our customers employ fewer employees and as governments take actions to stimulate the global economy, such as the U.S. Federal Reserve and Bank of Canada lowering interest rates. A sustained downturn in the financial markets and asset values may have the effect of reducing our float revenue, or limiting our ability to liquidate securities held in our customer trust funds. The effects of the pandemic, including remote working arrangements for employees, may also impact our financial reporting systems and internal control over financial reporting, including our ability to ensure information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Any of these consequences of the pandemic could cause or contribute to the risks and uncertainties enumerated in the Form 10-K. As we cannot predict the duration or scope of the COVID-19 pandemic, the anticipated negative financial impact to our business, financial condition, results of operations and/or stock price cannot be reasonably estimated, but could be material and could last for an extended period of time.

Our quarterly results of operations may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the levels of our revenues, gross margin, profitability, cash flow, and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the value of our common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation:

- our ability to attract new Cloud customers;
- our ability to replace declining Bureau revenue with Cloud revenue;
- the addition or loss of large Cloud customers, including through acquisitions or consolidations;
- the addition or loss of employees by our Cloud customers;
- the timing and number of paydays in a period;
- the adoption of the Dayforce Wallet by customers and their employees;
- the losses, if any, caused by customer failure to repay advances we make on their behalf for our Dayforce Wallet or other services;
- the timing of recognition of revenues;
- the tenure of our Cloud customers during that period;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure;
- network outages or security breaches;
- general economic, industry, and market conditions;
- customer renewal rates;
- increases or decreases in the number of elements of our services or pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the mix of applications sold during a period;
- seasonal variations in sales of our applications, which has historically been highest in the fourth quarter of a calendar year;
- fluctuation in market interest rates, which impacts debt interest expense as well as float revenue;
- the timing and success of new application and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers, or strategic partners; and
- the impact of new accounting rules.

Our Dayforce Wallet program presents the potential for our employer customers or employee customers to become the victim of fraud or other similar illegal behavior.

As part of the Dayforce Wallet program, our third-party financial institution partner will issue payroll cards and execute transactions for each Dayforce Wallet account. These transactions give rise to the potential for fraud against our employer customers or employee customers when they are used for bill payments, purchases and peer-to-peer transfers. Our third-party financial institution partner has responsibility for managing potential payment fraud to which the Dayforce Wallet users are subject. If any of our employer customers or employee customers become victims of fraud or similar illegal behavior, we might face legal liabilities and other losses that could have a material adverse effect on our business, financial condition, and results of operations.

Our solutions and our business are subject to a variety of U.S. and international laws and regulations, including those regarding privacy, data protection, and information security. Any failure by us or our third party service providers, as well as the failure of our platform or services, to comply with applicable laws and regulations could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to a variety of U.S. and international laws and regulations, including regulation by various federal government agencies, including the FTC, and state and local agencies.

Privacy and Data Protection Laws

The United States and various state and foreign governments have adopted or proposed limitations on, or requirements regarding, the collection, distribution, use, security, and storage of personal identifiable information (“PII”) of individuals; and the FTC and many state attorneys general are applying federal and state consumer protection laws to impose standards on the online collection, use and dissemination of data. Self-regulatory obligations, other industry standards, policies, and other legal obligations may apply to our collection, distribution, use, security, or storage of PII or other data relating to individuals. In addition, most states and some foreign governments have enacted laws requiring companies to notify individuals of data security breaches involving certain types of PII. These obligations may be interpreted and applied in an inconsistent manner from one jurisdiction to another and may conflict with one another, other regulatory requirements, or our internal practices. Any failure or perceived failure by us to comply with U.S., E.U., or other foreign privacy or security laws, regulations, policies, industry standards, or legal obligations, or any security incident that results in the unauthorized access to, or acquisition, release, or transfer of, PII may result in governmental enforcement actions, litigation, fines and penalties, or adverse publicity and could cause our customers to lose trust in us, which could harm our reputation and have a material adverse effect on our business, financial condition, and results of operations.

We expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection and information security in the United States, Canada, the European Union, and other jurisdictions, and we cannot yet determine the impact such future laws, regulations, and standards may have on our business. For example, in May 2018, the General Data Protection Regulation came into force, bringing with it a complete overhaul of E.U. data protection laws: the new rules supersede E.U. data protection legislation, impose more stringent E.U. data protection requirements, and provide for greater penalties for non-compliance. Changing definitions of what constitutes PII may also limit or inhibit our ability to operate or to expand our business, including limiting strategic partnerships that may involve the sharing of data. Also, some jurisdictions require that certain types of data be retained on servers within these jurisdictions. Our failure to comply with applicable laws, directives, and regulations may result in enforcement action against us, including fines and imprisonment, and damage to our reputation, any of which may have an adverse effect on our business and operating results. Further, the E.U. requires that certain data transfer mechanisms be put in place before PII can be transferred from the E.U. to another jurisdiction. These validity of these mechanisms- namely the Privacy Shield, which permits US-based participating companies such as Ceridian to move PII from the E.U. to the US; and the EU Standard Contractual Clauses, which Ceridian uses extensively- continue to be challenged by civil society before E.U. regulators and courts of law. Should these mechanisms be invalidated, Ceridian may not be able to transfer customers’ PII and its own from Europe to the U.S. and other jurisdictions to run its business and deliver services to customers.

If our service is perceived to cause, or is otherwise unfavorably associated with, violations of privacy or data security requirements, it may subject us or our customers to public criticism and potential legal liability. Public concerns regarding PII processing, privacy and security may cause some of our customers’ end users to be less likely to visit their websites or otherwise interact with them. If enough end users choose not to visit our customers’ websites or otherwise interact with them, our customers could stop using our platform. This, in turn, may reduce the value of our services and slow or eliminate the growth of our business. Existing and potential privacy laws and regulations concerning privacy and data security and increasing sensitivity of consumers to unauthorized processing of PII may create negative public reactions to technologies, products, and services such as ours.

Evolving and changing definitions of what constitutes PII and / or “Personal Data” within the United States, Canada, the European Union, and elsewhere, especially relating to the classification of internet protocol, or IP addresses, machine or device identification numbers, location data and other information, may limit or inhibit our ability to operate or to expand our business. Future laws, regulations, standards and other obligations could impair our ability to collect or to use information that we utilize to provide email delivery and marketing services to our customers, thereby impairing our ability to maintain and to grow our customer base and to increase revenue. Future restrictions on the collection, use, sharing, or disclosure of our customers’ data or additional requirements for express or implied consent of customers for the use and disclosure of such information may limit our ability to develop new services and features.

Financial Services Laws

The United States and various state and foreign governments have adopted regulations which may be applicable to our Dayforce Wallet or other services with which we and/or our third-party providers must comply. The obligations include undertakings imposed, for example, by state money transmission laws, commercial lending laws, the Office of Foreign Asset Control, the Bank Secrecy Act, Gramm-Leach-Bliley Act and the National Automated Clearing House Association. Any failure or perceived failure by us or one of our third party providers to comply with financial services laws, regulations, policies, industry standards, or legal obligations, may result in governmental enforcement actions, litigation, fines and penalties, or adverse publicity, and could cause our customers to lose trust in us, which could harm our reputation and have a material adverse effect on our business, financial condition, and results of operations.

We rely on third party service providers for many aspects of our business, including, but not limited to, the operation of data centers; the execution of Automated Clearing House, or ACH, and wire transfers to support our customer payroll and tax services; the monitoring of applicable laws; the printing and delivery of checks; serving as an independent trustee of our U.S. client funds trust; and providing program management and other financial related services for our Dayforce Wallet program. If any third-party service providers on which we rely experience a disruption, go out of business, experience a decline in quality, or terminate their relationship with us, we could experience a material adverse effect on our business, financial condition, and results of operation.

We rely on third party service providers for many integral aspects of our business. A failure on the part of any of our third-party service providers to fulfill their contracts with us could result in a material adverse effect on our business, financial condition, and results of operation. We depend on our third parties for many services, including, but not limited to:

Upkeep of data centers

We host Dayforce and Powerpay applications and serve all of our customers from data centers operated by third party providers, primarily NaviSite, in Boston, Massachusetts; Redhill, England; Santa Clara, California; Toronto, Canada; Vancouver, Canada; Woking, England; Sydney, Australia; London, England; and Oregon. We also host Dayforce Australia in Microsoft Azure in Melbourne, Australia and Sydney, Australia. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation of these facilities. The owners of our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. These parties may also seek to cap their maximum contractual liability resulting in us being financially responsible for losses caused by their actions or omissions. Additionally, we host our internal systems through data centers that we operate and lease or own in Atlanta, Georgia; Fountain Valley, California; Louisville, Kentucky; and St. Petersburg, Florida. If we are unable to renew our agreements with our third party providers or to renew our leases on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with any such transfer. Both our third party data centers and data centers that we lease and operate are subject to break-ins, sabotage, intentional acts of vandalism, and other misconduct. Any such acts could result in a breach of the security of our or our customers' data.

Problems faced by our third party data center locations, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our third party data centers operators could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by our third party data centers operators or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers are unable to keep up with our growing needs for capacity, this could adversely affect the growth of our business. Any changes in third party service levels at our data centers or any security breaches, errors, defects, disruptions, or other performance problems with our applications could adversely affect our reputation, damage our customers' stored files, result in lengthy interruptions in our services, or otherwise result in damage or losses to our customers for which they may seek compensation from us. Interruptions in our services might reduce our revenues, cause us to issue refunds to customers for prepaid and unused subscription services, subject us to potential liability, or adversely affect our renewal rates.

Processing of electronic funds transfers

We currently have agreements with four banks in the United States, two banks in Canada, and one financial payments company in the United Kingdom to execute electronic funds transfers to support our customer payroll and tax services in the United States, Canada, and the United Kingdom. If one or more of these parties fails to process electronic funds transfers on a timely basis, or at all, then our relationship with our customers could be harmed and we could be subject to claims by a customer with respect to the failed transfers, with little or no recourse to the banks. In addition, these parties have no obligation to renew their agreements with us on commercially reasonable terms, or at all, and transferring to alternative providers could prove time-consuming and costly. If these parties terminate their relationships with us, restrict or fail to increase the dollar amounts of funds that they will process on behalf of our customers, their doing so may impede our ability to process funds and could have a material adverse effect on our business, financial condition, and results of operations.

Check printing and delivery

In Canada, we rely on a third party vendor to print payroll checks, and in Canada and the United States we rely on third party couriers, such as Federal Express and Purolator, to ship printed reports, year-end slips, and pay checks to our customers. Relying on third party check printers and couriers puts us at risk from disruptions in their operations, such as employee strikes, inclement weather, and their ability to perform tasks on our behalf. If these vendors fail to perform their tasks, we could incur liability or suffer damages to our reputation, or both. If we are forced to use other third party couriers, transferring to these competitor couriers could prove time-consuming, our costs could increase and we may not be able to meet shipment deadlines. Moreover, we may not be able to obtain terms as favorable as those we currently use, which could further increase our costs.

Monitoring of changes to applicable laws

We and our third party providers must monitor for any changes or updates in laws that are applicable to the solutions that we or our third party providers provide to our customers. In addition, we are reliant on our third party providers to modify the solutions that they provide to our customers to enable our clients to comply with changes to such laws and regulations. If our third party providers fail to reflect changes or updates in applicable laws in the solutions that they provide to our customers, we could be subject to negative customer experiences, harm to our reputation, loss of customers, claims for any fines, penalties or other damages suffered by our customers, and other financial harm.

Trustee of U.S. client funds trust

In the United States, we rely on a state-chartered trust company to serve as the independent trustee of our clients' funds trust. Our client funds are held in accounts in the name of the clients' fund trust and our independent trustee, in order to maintain bankruptcy remoteness of those funds from us. We rely on our independent trustee to maintain regulatory compliance with all applicable laws. It may be difficult to find a replacement trustee for our clients' funds trust in the event the trustee terminates its relationship with us or fails to perform under our agreement with the trustee. If that were to occur, we may be unable to provide the Dayforce Wallet or our standard payroll services to our customers and their employees, which could harm our relationship with our customers and their employees, could subject us to claims by a customer, their employees, and regulatory sanctions with respect to the failure, and could result in a material adverse effect on our business, financial condition, and results of operations.

Program manager of our U.S. Dayforce Wallet program

We rely on a third party financial institution to serve as the issuing bank, the program manager and perform other financial related services with respect to our Dayforce Wallet product. In that regard, the third party financial institution, among other things, maintains our omnibus wallet funds account and performs the necessary regulatory and payments processing activity required by the Dayforce Wallet platform. We do not have the necessary regulatory approvals to hold wallet funds in or move funds from an account, nor do we have access to the payment systems needed to move the funds from the omnibus wallet funds account and the omnibus card holder account. As a result, if our third party financial institution partner fails to perform under our agreement with it, or terminates its agreement with us, we may be unable to provide the Dayforce Wallet service to our customers until we enter into a new relationship with a new third party financial institution, which could harm our relationship with our customers and their employees, could subject us to claims by a customer, their employees, and regulatory sanctions with respect to the failure, and could result in a material adverse effect on our business, financial condition, and results of operations.

A failure on the part of any of our third party service providers could result in a material adverse effect on our business, financial condition, and results of operations.

For our Dayforce Wallet service, we advance earned net wages and associated tax amounts on behalf of customers in connection with the "on demand pay" payroll feature of the service in order to provide their employees access to earned wages in advance of their standard payroll cycles. A customer may fail to satisfy its obligation to repay us for those advanced monies which could have a material adverse effect on our business, financial condition, and results of operations.

In contrast to our standard payroll processing business where a customer's account is generally debited prior to any disbursement on its behalf, in the case of our "on demand pay" service, credit is provided to our customers and funds are advanced on the customers' behalf in order to fund the customers' employees' interim earned net wage payroll demands (including associated source and other deductions) with the requirement that the customers will repay the advance on the date of their ordinary payroll run. These advances may or may not have priority over other creditors of our customers, and our security interest and/or other credit protection measures may be inadequate to make us whole. There is, therefore, a risk that our customers do not pay back the amounts we have already paid on their behalf, and in that event, we may possess limited legal recourse to recoup those funds from our customers. In the event of a customer's failure to repay us, we may be required to seek additional sources of short-term liquidity, which may not be available on reasonable terms, or suffer credit losses, which could have a material adverse effect on our business, financial condition, and results of operations.

Regulatory requirements placed on our software and services could impose increased costs on us, delay or prevent our introduction of new products and services, and impair the function or value of our existing products and services.

Our existing products and services may become subject to increasing regulatory requirements, or our new products and services may subject us to increased regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing regulatory requirements might render our products and services obsolete or might block us from developing new products and services. New products or services, such as the Dayforce Wallet, in turn subject us to incrementally new regulatory requirements, such as the need to obtain, maintain and comply with commercial lending licenses or other requirements in certain jurisdictions. These increased regulatory demands might in turn impose additional costs upon us to comply or to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate and could even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. Accordingly, such regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

Catastrophic events may disrupt our business.

Our data centers are located in Atlanta, Georgia; Fountain Valley, California; Louisville, Kentucky; St. Petersburg, Florida. Additionally, our data centers hosted by third parties and our corporate offices are located in Boston, Massachusetts; Melbourne, Australia; Minneapolis, Minnesota; Redhill, England; Santa Clara, California; Sydney, Australia; Toronto, Canada; Vancouver, Canada; Woking, England; London, England; and Oregon. Any location in any part of the world is susceptible to natural disasters or other risks beyond our control and its third party contractors that could impact operations. For example, the west coast of the United States contains active earthquake zones, the Midwest is subject to periodic tornadoes, and the east coast is subject to seasonal hurricanes and snowstorms. Additionally, we employ a substantial number of employees located in the Republic of Mauritius, which is subject to seasonal hurricanes, and the geographic remoteness of the location may create additional delays in recovery from any catastrophic event. Additionally, we rely on our network and third party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services and sales activities. In the event of a major earthquake, tornado, hurricane, pandemic or other public health emergency or catastrophic event, such as fire, power loss, telecommunications failure, cyber-attack, war, or terrorist attack in any of our domestic or international locations, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have a material adverse effect on our business, financial condition, and results of operations.

Customer funds and wage funds of their employees that our trustees and third-party financial institution partners hold in trust are subject to market, interest rate, credit, and liquidity risks. The loss of these funds could have a material adverse effect on our business, financial condition, and results of operations.

Both our trustees (in the case of customer funds held in our U.S. clients' funds trust and our Canada payroll trust) and our third party financial institution partner (in the case of employee wage funds held on their behalf as part of the U.S. Dayforce Wallet program) may invest funds in one of more of the following high-quality bank deposits, money market mutual funds, commercial paper, collateralized short-term investments, 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. Nevertheless, these assets are subject to general market, interest rate, credit, and liquidity risks. These risks may be exacerbated, individually or in unison, during periods of unusual financial market volatility. We are required to fund the payroll and wage funds of our customers and their employees regardless of any loss realized on those investments affecting the principal funds held. In the event of a global financial crisis, such as that experienced in 2008, we could be faced with a severe constriction of the availability of liquidity, which could impact our ability to fund payrolls. Any loss of principal, or inability to access customer funds could have an adverse impact on our cash position and results of operations and could require us to obtain additional sources of liquidity, and could have a material adverse effect on our business, financial condition, and results of operations.

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*	Form of Employee Performance-Based Stock Option Award Agreement.
10.2*	Performance-Based Stock Option Award Agreement dated May 8, 2020 by and between Ceridian HCM Holding Inc. and David Ossip.
10.3*	Form of Director Restricted Stock Unit Award Agreement (for annual compensation awards made after May 1, 2020).
10.4*	Form of Director Stock Option Award Agreement (for annual compensation awards made after May 1, 2020).
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**	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104**	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management compensatory plan or arrangement.

** Filed herewith.

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: August 5, 2020

By: /s/ David D. Ossip

Name: David D. Ossip

Title: Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2020

By: /s/ Arthur Gitajn

Name: Arthur Gitajn

Title: Executive Vice President and Chief Financial
Officer
(Principal Financial Officer)

Employee Name:

Employee ID No.:

Grant Date:

Number of Option Shares:
(purchasable under the Option when vested & exercisable)

Exercise Price: _____ per Share (U.S. Dollars)

Option to Purchase Common Stock of Ceridian HCM Holding Inc.

NON-NEGOTIABLE & NON-TRANSFERABLE

Series (2018-____)

Voidable if Not Fully Signed and Returned

NOTIFICATION OF PERFORMANCE-BASED OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC.

pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan ("Plan")

1. Option and Exercise Price. When signed and returned by the above-named individual and countersigned by Ceridian HCM Holding Inc. ("Ceridian"), this Notice certifies that on the above-designated grant date ("Grant Date"), Ceridian granted to the above-named individual ("Optionee") the performance-based option (the "Option") to purchase, when vested and exercisable as described in this Notice and the Plan, all or any portion of the above-designated number of shares ("Shares") of common stock, par value \$0.01 per share ("Stock") of Ceridian, for the above-designated exercise price per Share, subject to adjustment as set forth in the Plan (the "Exercise Price"). The Exercise Price is equal to the Fair Market Value of a Share on the Grant Date. The Option is governed by this Notice and the Plan (a copy of the Plan has been provided to Optionee). Capitalized terms not defined in this Notice (including on the Country Addendum and Exhibits) are defined in the Plan. The Option is intended to be a Nonqualified Stock Option. For purposes of this Notice, "Employer" means, to the extent Optionee is not employed by Ceridian, the Subsidiary that employs Optionee.

2. Performance-Based Vesting of Option and Acceleration of Vesting. During the Option Period (as defined below), the Option will vest and become exercisable upon the achievement of the performance goals set out in Exhibit A and subject to Optionee's continued Service to the Employer or Ceridian during the Vesting Period. Upon a Change in Control, the Option will become fully vested and exercisable. Upon Optionee's termination of Service for any other reason, the unvested portion of the Option immediately and automatically will be forfeited without further consideration.

3. Option Period and Forfeiture. The Option expires ten years after the Grant Date, unless terminated earlier as follows (the "Option Period"): (a) if Optionee's Service terminates for Cause, the vested portion of the Option expires immediately; and (b) if Optionee's Service terminates other than for Cause, the vested portion of the Option expires (a) 12 months following Optionee's termination of Service due to death or Disability, (b) 90 days following Optionee's termination of Service other than due to death or Disability; provided, the Option shall automatically expire in its entirety (whether or not vested) effective as of the date Optionee breaches the terms and conditions of the Plan or this Notice.

4. Exercise of Option. Before the end of the Option Period, all or a portion of the vested portion of the Option can be exercised to acquire a whole number of Shares under the Plan by Optionee (or in the case of Optionee's termination of Service due to death or Disability, by Optionee's representative) by delivering an electronically executed notice of exercise (an "Exercise Notice") in such form, manner and timeframe required by Ceridian. The Exercise Notice shall state the whole number of Shares under the Option being exercised and shall be accompanied by full payment of the Exercise Price for each such Option (collectively, the "Aggregate Exercise Price") and any applicable Tax-Related Items (as defined below) required to be withheld (in such form of payment as permitted in Section 5) for each of those Shares, and contain Optionee's agreement to comply with the terms of this Notice and the Plan.

5. Payment of Aggregate Exercise Price and Withholdings. Optionee may pay the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld as follows:

- a. Cash or Check. In cash or by bank certified check.
- b. Brokered Cashless Exercise. To the extent permitted by applicable law and the Committee, from the proceeds of a sale through a broker on the date of exercise of some or all of the Shares to which the exercise relates. In that case, Optionee will electronically execute an Exercise Notice and provide Ceridian's third-party Plan administrator with a copy of irrevocable instructions to a broker to deliver promptly to Ceridian the amount of sale proceeds to pay the Aggregate Exercise Price and/or applicable Tax-Related Items required to be withheld, as applicable. To facilitate the foregoing, Ceridian may, to the extent permitted by applicable law, enter into agreements or coordinate procedures with one or more brokerage firms.
- c. Net Exercise. Unless otherwise determined by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value equal to the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld.
- d. Surrender of Stock. In each instance, at the sole discretion of the Committee, by surrendering, or attesting to the ownership of, Shares that are already owned by Optionee free and clear of any restriction or limitation, unless the Committee specifically agrees in writing to accept such Shares subject to such restriction or limitation. Such Shares will be surrendered to Ceridian

in good form for transfer and will be valued by Ceridian at their Fair Market Value on the date of the applicable exercise of the Option, or to the extent applicable, on the date any applicable Tax-Related Items required to be withheld are to be determined. Optionee will not surrender, or attest to the ownership of, Shares in payment of the Aggregate Exercise Price (or any applicable Tax-Related Items required to be withheld) if such action would cause Ceridian to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes that otherwise would not have been recognized.

For the sake of clarity, the Exercise Price is payable in United States dollars. At its sole election, Ceridian or the Committee may limit the number of options described above for Optionee to pay the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld.

6. Issuance of Shares. After all requirements with respect to the exercise of all or a portion of the Option have been satisfied, the Committee will cause the Shares as to which the Option or portion thereof has been exercised to be issued (or, in the Committee's discretion, in un-certificated form, upon the books of Ceridian's transfer agent), registered in the name of the person exercising the Option or portion thereof (or in the names of such person and his or her spouse as community property or as joint tenants with right of survivorship). Neither Ceridian nor the Committee will be liable to Optionee or any other person for damages relating to any delays in issuing the Shares or any mistakes or errors in the issuance of the Shares.

7. Tax Matters and Withholdings. Regardless of any action Ceridian or the Employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee or deemed by Ceridian or the Employer to be an appropriate charge to Optionee even if technically due by Ceridian or the Employer (the "Tax-Related Items"), Optionee acknowledges and agrees that the ultimate liability for all Tax-Related Items is and remains Optionee's responsibility and may exceed the amount actually withheld by Ceridian or the Employer, if any. Optionee further acknowledges and agrees that Ceridian and/or the Employer:

- make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of Optionee's participation in the Plan, including, but not limited to, the grant of the Option, the exercise of the Option, the subsequent sale of any Shares acquired pursuant to the Option and the receipt of any dividends;
- do not commit to and are under no obligation to structure the terms of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result; and
- if Optionee has become subject to tax in more than one jurisdiction between the date the Option is granted and the date of any relevant taxable or tax withholding event, Optionee acknowledges that Ceridian and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or taxable withholding event, as applicable, Optionee agrees to pay or make adequate arrangements satisfactory to Ceridian and/or the Employer to satisfy all Tax-Related Items required to be withheld. In this regard, Optionee authorizes Ceridian and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items required to be withheld by one or a combination of the following:

- requiring payment of any Tax-Related Items required to be withheld with payment of the Aggregate Exercise Price;
- withholding from Optionee's wages or other cash compensation paid to Optionee by Ceridian or the Employer;
- withholding from the proceeds from the sale of Shares acquired upon exercise, either through a voluntary sale or through a mandatory sale arranged by Ceridian (on Optionee's behalf pursuant to this authorization);
- having Ceridian withhold a number of whole Shares that Optionee otherwise would have received upon exercise of the Option, provided, that if Optionee is subject to Section 16 of the Exchange Act, such withholding of Shares shall be approved in advance by the Committee; or
- any other arrangement satisfactory to Ceridian or the Employer regarding payment of such Tax-Related Items.

Depending on the withholding method, Ceridian or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates (as determined by Ceridian or the Employer in good faith and in its sole discretion) or other applicable withholding rates.

Finally, Optionee agrees to pay to Ceridian or the Employer any number of Tax-Related Items that Ceridian or the Employer may be required to withhold or account for as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. Ceridian or the Employer may refuse to honor the exercise of the Option, or refuse to deliver the Shares or the proceeds of the sale of Shares, if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items.

8. Adjustments. The Option will be subject to adjustments as provided in Section 4.5 of Plan.

9. Securities Law Restrictions. Regardless of whether the offering and sale of Stock under the Plan have been registered under the U.S. Securities Act of 1933, as amended ("Securities Act") or have been registered or qualified under the securities laws of any state, province or other jurisdiction, the Board of Directors, at its sole discretion, may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on stock certificates and/or the imposition of stop-transfer instructions) if, in the judgment of the Board of Directors, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act or the securities laws or other laws of any state, province or other jurisdiction. Such restrictions may be in addition to the restrictions set forth in the applicable shareholders agreement in effect with any shareholders of Ceridian.

10. Compliance with Laws. If Optionee is resident, employed or provides services outside of the United States, Optionee agrees to repatriate all payments attributable to the Shares or cash

acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired under the Plan) in accordance with local foreign exchange rules and regulations in Optionee's country of residence (and country of employment or service, if different). In addition, Optionee agrees to take any and all actions, and consents to any and all actions taken by Ceridian and the Employer, as may be required to allow Ceridian and the Employer to comply with local laws, rules and regulations in Optionee's country of residence (and country of employment, if different). Finally, Optionee agrees to take any and all actions as may be required to comply with Optionee's personal legal and tax obligations under local laws, rules and regulations in Optionee's country of residence (and country of employment, if different).

11. Private Placement. If Optionee is resident outside the United States, the Option is not intended to be a public offering of securities in Optionee's country of residence (and country of employment or service, if different). Ceridian has not submitted a registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law), and the Option is not subject to the supervision of local securities authorities.

12. No Advice Regarding Participation. No employee of Ceridian or its Subsidiaries is permitted to advise Optionee regarding Optionee's participation in the Plan including the exercise or sale of Shares. Optionee should consult with Optionee's own qualified personal tax, legal and financial advisors before taking any action related to the Plan.

13. Insider Trading and Market Abuse Laws. By participating in the Plan, Optionee agrees to comply with Ceridian's policy on insider trading (to the extent that it is applicable to Optionee). Optionee acknowledges that, depending on Optionee or Optionee's broker's country of residence or where the Shares are listed, Optionee may be subject to insider trading restrictions and/or market abuse laws that may affect Optionee's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares during such times Optionee is considered to have "inside information" regarding Ceridian as defined in the laws or regulations in Optionee's country of residence (and country of employment or service, if different). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Optionee placed before he or she possessed inside information. Furthermore, Optionee could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis), and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Ceridian insider trading policy. Optionee acknowledges that it is Optionee's responsibility to comply with any restrictions and Optionee should consult with Optionee's personal advisor on this matter.

14. Imposition of Other Requirements. Ceridian reserves the right to impose other requirements on the Option, any Shares acquired pursuant to the Option and Optionee's participation in the Plan to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable for legal or administrative reasons. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

15. Data Privacy. Ceridian is located at 3311 East Old Shakopee Road, Bloomington, MN 55425, U.S.A. and grants the Option under the Plan to Optionee in its sole discretion. In conjunction with Ceridian's grant of the Option under the Plan and its ongoing administration of such awards, Ceridian is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the Option, Optionee expressly and explicitly consents to the Personal Data Activities as described herein.

a. Data Collection and Usage. Ceridian collects, processes and uses Optionee's personal data, including Optionee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in Ceridian, and details of all Options or any other awards granted, canceled, exercised, vested, or outstanding in Optionee's favor, which Ceridian receives from Optionee or the Employer. In granting the Option under the Plan, Ceridian will collect, process and use Optionee's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. Depending on applicable country-specific requirements as further identified in the Addendum, Ceridian's legal basis for the collection, processing and usage of Optionee's personal data may be for Ceridian's legitimate business purpose, which includes the performance of an employment related contract for compensation and benefits, and/or Optionee's consent.

b. Stock Plan Administration Service Providers. Ceridian transfers Optionee's personal data to E*Trade, an independent service provider based in the United States, which assists Ceridian with the implementation, administration and management of the Plan (the "Stock Plan Administrator"). In the future, Ceridian may select a different Stock Plan Administrator and share Optionee's personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Optionee to receive and trade Shares acquired under the Plan. Optionee will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to Optionee's ability to participate in the Plan.

c. International Data Transfers. Ceridian and the Stock Plan Administrator are based in the United States, such that Optionee's personal data will be transferred to the United States as part of the administration and management of the Plan. Optionee should note that Optionee's country of residence may have enacted data privacy laws that are different from the United States. As such, Ceridian will only transfer Optionee's personal data to the United States under a data transfer mechanism that addresses data protection laws, including in accordance with Ceridian's Binding Corporate Rules and/or other appropriate mechanisms such as data transfer agreements.

d. Voluntariness and Consequences of Consent Denial or Withdrawal. To the extent that Optionee's participation in the Plan is based on Optionee's grant of consent, it is purely voluntary. Optionee may deny or withdraw Optionee's consent at any time understanding, however, that such denial or withdrawal will not have retroactive effect. If Optionee does not consent, or if Optionee later withdraws Optionee's consent, Optionee may be unable to participate in the Plan. This would not affect Optionee's existing employment with the Employer or salary; instead, Optionee merely may forfeit the opportunities associated with the Plan.

e. **Data Subject Rights.** Optionee may have a number of rights under the data privacy laws in Optionee's country of residence. For example, Optionee's rights may include the right to (i) request access or copies of personal data Ceridian processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in Optionee's country, and/or (vi) request a list with the names and addresses of any potential recipients of Optionee's personal data. To receive clarification regarding Optionee's rights or to request the exercise of Optionee's rights, Optionee should email officeofgeneralcounsel@ceridian.com.

16. Nature of the Benefit. Optionee understands and agrees that:

- a. the Plan is established voluntarily by Ceridian, it is discretionary in nature and may be amended, modified, suspended or terminated by Ceridian at any time as provided in the Plan;
- b. the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive any additional Options or equity awards in the future from Ceridian or any Subsidiaries, or affect in any way the right of Ceridian or any Subsidiaries to terminate the granting of stock options or other equity awards at any time;
- c. all decisions with respect to future grants, if any, including, but not limited to, the times when the Options shall be granted, the Option Period, and the Exercise Price will be at the sole discretion of Ceridian;
- d. the grant of the Option and Optionee's participation in the Plan shall not create a right to further employment with the Employer, shall not be interpreted as forming an employment or Service contract with Ceridian and shall not interfere with the ability of the Employer to terminate Optionee's employment relationship at any time (as otherwise may be permitted under local law);
- e. Optionee's participation in the Plan is voluntary;
- f. the Option and any underlying Shares are not intended to replace any pension rights or compensation;
- g. the grant of the Option and the underlying Shares are an extraordinary item of compensation outside the scope of Optionee's employment (and employment contract, if any) and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- i. if the Option is exercised, the value of the Shares acquired upon exercise may increase or decrease, even below the Exercise Price;
- j. the grant of the Option will not be interpreted to form an employment contract with the Employer;
- k. Ceridian and the Employer are not liable for any exchange rate fluctuation between Optionee's local currency and the United States Dollar that may affect the value of the Shares or any amounts due pursuant to settlement or the subsequent sale of any Shares; and
- l. no claim or entitlement to compensation or damages shall arise from forfeiture of the Option under the Plan resulting from termination of Optionee's employment by the Employer (for any reason and whether or not in breach of local labor laws and whether or not later found to be invalid).

17. Electronic Delivery and Participation. Optionee acknowledges that Ceridian may, in its sole discretion, decide to deliver any documents related to Optionee's current or future participation in the Plan by electronic means and/or may request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by Ceridian, the Plan broker or another third party designated by Ceridian.

18. Impact on Service Status or Other Compensation. This Notice and the Plan are not an employment contract. Nothing contained in the Option, this Notice or the Plan shall confer on Optionee any right to continue in the Service of Ceridian or any Subsidiary or other affiliate of Ceridian, or affect in any way the right of Ceridian or any Subsidiary or other affiliate to terminate the Service of Optionee at any time. The Option is not part of normal or expected compensation for purposes of calculating any end of Service payments, retirement benefits or similar payments.

19. Non-Transferability of Option. The Option is non-transferable by Optionee except to the limited extent described in the Plan.

20. Rights as a Shareholder. Optionee and Optionee's representative shall have no rights as a shareholder with respect to any Shares subject to the Option unless and until those Shares have been issued by Ceridian pursuant to this Notice and the Plan.

21. Country Addendum; Interpretation of Terms; General. The term "Country Addendum" means any document prepared by Ceridian and which refers to this Notice and contains additional Option terms to address matters pertaining to Optionee's then current country of residence (and country of employment, if different). If Optionee relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to Optionee, to the extent Ceridian determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). The Country Addendum constitutes part of this Notice. The Committee shall interpret the terms of the Option, this Notice, the Plan and any Country Addendum, and all determinations by the Committee shall be final and binding. Ceridian may, without Optionee's consent, assign all of their respective rights and obligations under the Option to their respective successors and assigns. Following an assignment to the successor of Ceridian, all references herein to the Board of Directors and Committee shall be references to the board of directors and committee, as applicable, of the successor of Ceridian. This Notice, the Plan and any Country Addendum contain the complete agreement between Ceridian and Optionee concerning the Option, are governed by the laws of the State of Delaware (or the laws stated an

applicable Country Addendum), and may be amended only in writing, signed by an authorized officer of Ceridian. Optionee will take all actions reasonably requested by Ceridian to enable the administration of the Option and Plan and/or comply with the local laws and regulations of Optionee's then current country of residence. No waiver of any breach or condition of this Notice, the Plan or a Country Addendum shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

22. Additional Requirements. Ceridian reserves the right to impose other requirements on the Option to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with applicable laws, rules and regulations, or to facilitate the operation and administration of the Option and the Plan. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

23. Official Language. The official language of this Notice, the Plan and any Country Addendum is English. Documents or notices not originally written in English shall have no effect until they have been translated into English, and the English translation shall then be the prevailing form of such documents or notices. Any notices or other documents required to be delivered to Ceridian under this Notice, shall be translated into English, at Optionee's expense, and provided promptly to Ceridian in English. Ceridian may also request an untranslated copy of such documents.

24. Severability. Optionee agrees that the provisions of this Notice are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

25. Successors and Assigns. The provisions of this Notice will inure to the benefit of, and be binding upon, Ceridian and its successors and assigns and upon Optionee, Optionee's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Notice and have agreed in writing to be joined herein and be bound by the terms hereof.

26. Compensation Recoupment Policy. The Option and any Shares issued thereunder shall be subject to any compensation recoupment policy of Ceridian that is applicable by its terms to Optionee and to awards of this type. For purposes of the foregoing, Optionee expressly and explicitly authorizes Ceridian to issue instructions, on Optionee's behalf, to any brokerage firm and/or third-party administrator engaged by Ceridian to hold Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to Ceridian.

27. Additional Covenants To the extent enforceable by applicable law, and in consideration of the receipt of the Option granted by this Notice, Optionee by signing below covenants and agrees to the covenants set out in Exhibit B hereto.

Dated Effective: _____

CERIDIAN HCM HOLDING INC.

By

Authorized Officer

By signing below, I agree to comply with the requirements of this Notice:

Optionee's Printed Name: _____

Optionee's Signature: _____

Date signed by Optionee: _____, 2019

THIS OPTION GRANT NOTICE WILL AUTOMATICALLY BECOME NULL AND VOID IF NOT:
(1) SIGNED BY OPTIONEE AND RETURNED TO CERIDIAN HCM HOLDING INC. BY _____ AND
(2) COUNTER-SIGNED BELOW BY CERIDIAN HCM HOLDING INC. AFTER RECEIPT OF OPTIONEE'S SIGNATURE

Countersigned by:
 CERIDIAN HCM HOLDING INC.

By

Authorized Officer

This Notice and the Option are valid only to the extent that the number of Option Shares corresponds to the records of Ceridian's Corporate Secretary, and will automatically become null and void if not signed and returned by Optionee by _____ and counter-signed by Ceridian HCM Holding Inc.

NOTIFICATION OF PERFORMANCE-BASED OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC.

pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (“Plan”)

COUNTRY ADDENDUM

This Country Addendum to the Notice includes additional terms and conditions that govern the Option and Optionee's participation in the Plan if Optionee resides and/or works outside of the United States. If Optionee transfers to another country reflected in this Country Addendum, the additional terms and conditions for such country (if any) will apply to Optionee to the extent Ceridian determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). Capitalized terms not defined in this Country Addendum but defined in the Notice or the Plan shall have the same meaning as in the Notice or the Plan.

AUSTRALIA

1. **Breach of Law.** Notwithstanding anything to the contrary in the Notice or the Plan, Optionee will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth) (or any successor provision), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.
2. **Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

1. **No Exercise by Using Previously Owned Shares.** Notwithstanding any terms and conditions in the Notice or the Plan to the contrary and except as otherwise may be permitted by Ceridian, Optionee is prohibited from surrendering Shares that Optionee already owns (*i.e.*, using a “stock swap” exercise method) to pay the Aggregate Exercise Price or any Tax-Related Items required to be withheld in connection with the exercise of the Option.
2. **Securities Law Information.** Optionee is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed, or takes place within Canada as may be permitted in accordance with applicable law.
3. **Termination Date.** Notwithstanding any provisions in the Notice or the Plan to the contrary, the effective date of Optionee's termination of Service for purposes of the Option shall be the last day of any statutory notice of termination period required under applicable law.

If Optionee is a resident of Quebec, the following provision applies:

4. **English Language Consent.** The parties acknowledge that it is their express wish that the Notice, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.
Les parties reconnaissent qu'elles souhaitent expressément que l'Avis, ainsi que tous les documents, avis et procédures judiciaires conclus, donnés ou institués en vertu des présentes ou se rapportant directement ou indirectement aux présentes, soient rédigés en anglais.

IRELAND

No country-specific provisions

MAURITIUS

No country-specific provisions

NEW ZEALAND

1. **Securities Law Information.** Warning: This is an offer of rights to purchase Shares underlying the Option. The Option gives Optionee the opportunity to acquire a stake in the ownership of Ceridian. Optionee may receive a return if dividends are paid on the Shares.

If Ceridian runs into financial difficulties and is wound up, Optionee will be paid only after all creditors and holders of preferred shares have been paid. Optionee may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Optionee may not be given all the information usually required. Optionee will also have fewer other legal protections for this investment.

Optionee should ask questions, read all documents carefully, and seek independent financial advice before committing himself or herself. The Shares are quoted or approved for trading on

the New York Stock Exchange ("NYSE"). This means that, if Optionee exercises the Option and Shares are issued to Optionee, Optionee can sell his or her investment on the NYSE if there are buyers for it. If Optionee sells his or her Shares, the price he or she receives may vary depending on factors such as the financial condition of Ceridian. Optionee may receive less than the full amount that he or she paid for the Shares.

For information on risk factors impacting Ceridian's business that may affect the value of the Shares, Optionee should refer to the risk factors discussion in Ceridian's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on Ceridian's "Investor Relations" website at <https://investors.ceridian.com/overview/default.aspx>.

For more details on the terms and conditions of the Option, please refer to the Notice, the Plan and the U.S. prospectus for the Plan which are available on the Stock Plan Administrator's website and free of charge on request via email to hcmstockequityaward@ceridian.com.

As noted above, Optionee should carefully read the materials provided before making a decision whether to participate in the Plan. Optionee also should contact his or her tax advisor for specific information concerning Optionee's personal tax situation with regard to Plan participation.

UNITED KINGDOM

1. **Responsibility for Taxes.** The following provision supplements Section 7 of the Notice.
Optionee agrees to be liable for any Tax-Related Items and hereby covenants to pay any such Tax-Related Items, as and when requested by Ceridian or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Optionee also agrees to indemnify and keep indemnified Ceridian and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Optionee's behalf.
Notwithstanding the foregoing, if Optionee is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision may not apply. In such case, Optionee understands that Optionee may not be able to indemnify Ceridian for the amount of any income tax not collected from or paid by Optionee and, therefore, any such income tax not so collected from or paid by Optionee within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute a benefit to Optionee on which additional income tax and national insurance contributions may be payable. Optionee acknowledges that Ceridian or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in the Notice. However, Optionee is primarily responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime.
2. **Exclusion of Claim.** Optionee acknowledges and agrees that Optionee will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from Optionee ceasing to have rights under or to be entitled to the Option under the Plan, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss of diminution in value of the Shares underlying the Option. Upon the grant of the Option, Optionee shall be deemed to have waived irrevocably such entitlement.

EXHIBIT A
Performance Goals

EXHIBIT B Restricted Covenants

Optionee covenants and agrees that while employed by, or providing service to, Ceridian or any Subsidiary and for one (1) year following termination of Optionee's employment (whether initiated by Optionee or Ceridian) (the "Non-Compete Period"), Optionee shall not:

- a. directly or indirectly hire or solicit the employment or services of any then current employee of Ceridian or any Subsidiary (this restriction does not prevent (i) general solicitations to the public or (ii) providing employment references for people who are not seeking employment with Optionee's then current third-party employer);
- b. directly or indirectly solicit any then current customer of Ceridian or any Subsidiary for the purpose of selling or providing that customer any products or services that directly compete with the products or services of Ceridian or any Subsidiary; and/or
- c. work as an employee or consultant for, or beneficially own more than 5% of the equity or voting securities of, any company or entity that directly competes with Ceridian's human capital management business.

During the Non-Compete Period, if Optionee intends to seek any employment, consulting or ownership relationship that might violate these covenants, Optionee shall provide Ceridian at least 30 days advance written notice of that intended change. Ceridian may in its reasonable and sole discretion determine whether or not that intended change would violate these covenants, and shall promptly notify Optionee of that determination. In addition to Ceridian's other remedies available under applicable law, the Option will expire and be forfeited if Optionee breaches the restrictions in these covenants.

EXHIBIT C
Customers

Employee Name: David Ossip

Employee ID No.: 000000001

Grant Date: May 08, 2020

Number of Option Shares: **1,500,000**

(purchasable under the Option when vested & exercisable)

Exercise Price: \$65.26 per Share (U.S. Dollars)

Option to Purchase Common Stock of Ceridian HCM Holding Inc.

NON-NEGOTIABLE & NON-TRANSFERABLE

Voidable if Not Fully Signed and Returned

NOTIFICATION OF PERFORMANCE-BASED OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC.

pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan ("Plan")

1. Option and Exercise Price. When signed and returned by the above-named individual and countersigned by Ceridian HCM Holding Inc. ("Ceridian"), this Notice certifies that on the above-designated grant date ("Grant Date"), Ceridian granted to the above-named individual ("Optionee") the performance-based option (the "Option") to purchase, when vested and exercisable as described in this Notice and the Plan, all or any portion of the above-designated number of shares ("Shares") of common stock, par value \$0.01 per share ("Stock") of Ceridian, for the above-designated exercise price per Share, subject to adjustment as set forth in the Plan (the "Exercise Price"). The Exercise Price is equal to the Fair Market Value of a Share on the Grant Date. The Option is governed by this Notice and the Plan (a copy of the Plan has been provided to Optionee). Capitalized terms not defined in this Notice (including on the Country Addendum and Exhibits) are defined in the Plan. The Option is intended to be a Nonqualified Stock Option. For purposes of this Notice, "Employer" means, to the extent Optionee is not employed by Ceridian, the Subsidiary that employs Optionee.

2. Performance-Based Vesting of Option and Acceleration of Vesting. During the Option Period (as defined below), the Option will vest and become exercisable upon the achievement of the performance goals set out in Exhibit A and subject to Optionee's continued Service to the Employer or Ceridian during the Vesting Period. Upon Optionee's termination of Service (a) due to death or Disability, (b) without Cause, or (c) for Good Reason, or upon a Change in Control, the Option will vest and become exercisable as set out in Exhibit A. Upon Optionee's termination of Service for any other reason, the unvested portion of the Option immediately and automatically will be forfeited without further consideration.

3. Option Period and Forfeiture. The Option expires ten years after the Grant Date, unless terminated earlier as follows (the "Option Period"): (a) if Optionee's Service terminates for Cause, the vested portion of the Option expires immediately; and (b) if Optionee's Service terminates other than for Cause, the vested portion of the Option expires (a) 12 months following Optionee's termination of Service due to death or Disability, (b) 90 days following Optionee's termination of Service other than due to death or Disability; provided, the Option shall automatically expire in its entirety (whether or not vested) effective as of the date Optionee breaches the terms and conditions of the Plan or this Notice.

4. Exercise of Option. Before the end of the Option Period, all or a portion of the vested portion of the Option can be exercised to acquire a whole number of Shares under the Plan by Optionee (or in the case of Optionee's termination of Service due to death or Disability, by Optionee's representative) by delivering an electronically executed notice of exercise (an "Exercise Notice") in such form, manner and timeframe required by Ceridian. The Exercise Notice shall state the whole number of Shares under the Option being exercised and shall be accompanied by full payment of the Exercise Price for each such Option (collectively, the "Aggregate Exercise Price") and any applicable Tax-Related Items (as defined below) required to be withheld (in such form of payment as permitted in Section 5) for each of those Shares, and contain Optionee's agreement to comply with the terms of this Notice and the Plan.

5. Payment of Aggregate Exercise Price and Withholdings. Optionee may pay the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld as follows:

- a. Cash or Check. In cash or by bank certified check.
- b. Brokered Cashless Exercise. To the extent permitted by applicable law and the Committee, from the proceeds of a sale through a broker on the date of exercise of some or all of the Shares to which the exercise relates. In that case, Optionee will electronically execute an Exercise Notice and provide Ceridian's third-party Plan administrator with a copy of irrevocable instructions to a broker to deliver promptly to Ceridian the amount of sale proceeds to pay the Aggregate Exercise Price and/or applicable Tax-Related Items required to be withheld, as applicable. To facilitate the foregoing, Ceridian may, to the extent permitted by applicable law, enter into agreements or coordinate procedures with one or more brokerage firms.
- c. Net Exercise. Unless otherwise determined by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value equal to the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld.
- d. Surrender of Stock. In each instance, at the sole discretion of the Committee, by surrendering, or attesting to the ownership of, Shares that are already owned by Optionee free and clear

of any restriction or limitation, unless the Committee specifically agrees in writing to accept such Shares subject to such restriction or limitation. Such Shares will be surrendered to Ceridian in good form for transfer and will be valued by Ceridian at their Fair Market Value on the date of the applicable exercise of the Option, or to the extent applicable, on the date any applicable Tax-Related Items required to be withheld are to be determined. Optionee will not surrender, or attest to the ownership of, Shares in payment of the Aggregate Exercise Price (or any applicable Tax-Related Items required to be withheld) if such action would cause Ceridian to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes that otherwise would not have been recognized.

For the sake of clarity, the Exercise Price is payable in United States dollars. At its sole election, Ceridian or the Committee may limit the number of options described above for Optionee to pay the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld.

6. Issuance of Shares. After all requirements with respect to the exercise of all or a portion of the Option have been satisfied, the Committee will cause the Shares as to which the Option or portion thereof has been exercised to be issued (or, in the Committee's discretion, in un-certificated form, upon the books of Ceridian's transfer agent), registered in the name of the person exercising the Option or portion thereof (or in the names of such person and his or her spouse as community property or as joint tenants with right of survivorship). Neither Ceridian nor the Committee will be liable to Optionee or any other person for damages relating to any delays in issuing the Shares or any mistakes or errors in the issuance of the Shares.

7. Tax Matters and Withholdings. Regardless of any action Ceridian or the Employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit, payment on account or other tax-related items related to Optionee's participation in the Plan and legally applicable to Optionee or deemed by Ceridian or the Employer to be an appropriate charge to Optionee even if technically due by Ceridian or the Employer (the "Tax-Related Items"), Optionee acknowledges and agrees that the ultimate liability for all Tax-Related Items is and remains Optionee's responsibility and may exceed the amount actually withheld by Ceridian or the Employer, if any. Optionee further acknowledges and agrees that Ceridian and/or the Employer:

- make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of Optionee's participation in the Plan, including, but not limited to, the grant of the Option, the exercise of the Option, the subsequent sale of any Shares acquired pursuant to the Option and the receipt of any dividends;
- do not commit to and are under no obligation to structure the terms of the Option to reduce or eliminate Optionee's liability for Tax-Related Items or achieve any particular tax result; and
- if Optionee has become subject to tax in more than one jurisdiction between the date the Option is granted and the date of any relevant taxable or tax withholding event, Optionee acknowledges that Ceridian and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or taxable withholding event, as applicable, Optionee agrees to pay or make adequate arrangements satisfactory to Ceridian and/or the Employer to satisfy all Tax-Related Items required to be withheld. In this regard, Optionee authorizes Ceridian and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items required to be withheld by one or a combination of the following:

- requiring payment of any Tax-Related Items required to be withheld with payment of the Aggregate Exercise Price;
- withholding from Optionee's wages or other cash compensation paid to Optionee by Ceridian or the Employer;
- withholding from the proceeds from the sale of Shares acquired upon exercise, either through a voluntary sale or through a mandatory sale arranged by Ceridian (on Optionee's behalf pursuant to this authorization);
- having Ceridian withhold a number of whole Shares that Optionee otherwise would have received upon exercise of the Option, provided, that if Optionee is subject to Section 16 of the Exchange Act, such withholding of Shares shall be approved in advance by the Committee; or
- any other arrangement satisfactory to Ceridian or the Employer regarding payment of such Tax-Related Items.

Depending on the withholding method, Ceridian or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding rates (as determined by Ceridian or the Employer in good faith and in its sole discretion) or other applicable withholding rates.

Finally, Optionee agrees to pay to Ceridian or the Employer any number of Tax-Related Items that Ceridian or the Employer may be required to withhold or account for as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. Ceridian or the Employer may refuse to honor the exercise of the Option, or refuse to deliver the Shares or the proceeds of the sale of Shares, if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items.

8. Adjustments. The Option will be subject to adjustments as provided in Section 4.5 of Plan.

9. Securities Law Restrictions. Regardless of whether the offering and sale of Stock under the Plan have been registered under the U.S. Securities Act of 1933, as amended ("Securities Act") or have been registered or qualified under the securities laws of any state, province or other jurisdiction, the Board of Directors, at its sole discretion, may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on stock certificates and/or the imposition of stop-transfer instructions) if, in the judgment of the Board of Directors, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act or the securities laws or other laws of any state, province or other jurisdiction. Such restrictions may be in addition to the restrictions set forth in the applicable shareholders agreement in effect with any shareholders of Ceridian.

10. Compliance with Laws. If Optionee is resident, employed or provides services outside of the United States, Optionee agrees to repatriate all payments attributable to the Shares or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired under the Plan) in accordance with local foreign exchange rules and regulations in Optionee's country of residence (and country of employment or service, if different). In addition, Optionee agrees to take any and all actions, and consents to any and all actions taken by Ceridian and the Employer, as may be required to allow Ceridian and the Employer to comply with local laws, rules and regulations in Optionee's country of residence (and country of employment, if different). Finally, Optionee agrees to take any and all actions as may be required to comply with Optionee's personal legal and tax obligations under local laws, rules and regulations in Optionee's country of residence (and country of employment, if different).

11. Private Placement. If Optionee is resident outside the United States, the Option is not intended to be a public offering of securities in Optionee's country of residence (and country of employment or service, if different). Ceridian has not submitted a registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law), and the Option is not subject to the supervision of local securities authorities.

12. No Advice Regarding Participation. No employee of Ceridian or its Subsidiaries is permitted to advise Optionee regarding Optionee's participation in the Plan including the exercise or sale of Shares. Optionee should consult with Optionee's own qualified personal tax, legal and financial advisors before taking any action related to the Plan.

13. Insider Trading and Market Abuse Laws. By participating in the Plan, Optionee agrees to comply with Ceridian's policy on insider trading (to the extent that it is applicable to Optionee). Optionee acknowledges that, depending on Optionee or Optionee's broker's country of residence or where the Shares are listed, Optionee may be subject to insider trading restrictions and/or market abuse laws that may affect Optionee's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares during such times Optionee is considered to have "inside information" regarding Ceridian as defined in the laws or regulations in Optionee's country of residence (and country of employment or service, if different). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Optionee placed before he or she possessed inside information. Furthermore, Optionee could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis), and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Ceridian insider trading policy. Optionee acknowledges that it is Optionee's responsibility to comply with any restrictions and Optionee should consult with Optionee's personal advisor on this matter.

14. Imposition of Other Requirements. Ceridian reserves the right to impose other requirements on the Option, any Shares acquired pursuant to the Option and Optionee's participation in the Plan to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable for legal or administrative reasons. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

15. Data Privacy. Ceridian is located at 3311 East Old Shakopee Road, Bloomington, MN 55425, U.S.A. and grants the Option under the Plan to Optionee in its sole discretion. In conjunction with Ceridian's grant of the Option under the Plan and its ongoing administration of such awards, Ceridian is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the Option, Optionee expressly and explicitly consents to the Personal Data Activities as described herein.

a. Data Collection and Usage. Ceridian collects, processes and uses Optionee's personal data, including Optionee's name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in Ceridian, and details of all Options or any other awards granted, canceled, exercised, vested, or outstanding in Optionee's favor, which Ceridian receives from Optionee or the Employer. In granting the Option under the Plan, Ceridian will collect, process and use Optionee's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. Depending on applicable country-specific requirements as further identified in the Addendum, Ceridian's legal basis for the collection, processing and usage of Optionee's personal data may be for Ceridian's legitimate business purpose, which includes the performance of an employment related contract for compensation and benefits, and/or Optionee's consent.

b. Stock Plan Administration Service Providers. Ceridian transfers Optionee's personal data to E*Trade, an independent service provider based in the United States, which assists Ceridian with the implementation, administration and management of the Plan (the "Stock Plan Administrator"). In the future, Ceridian may select a different Stock Plan Administrator and share Optionee's personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for Optionee to receive and trade Shares acquired under the Plan. Optionee will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to Optionee's ability to participate in the Plan.

c. International Data Transfers. Ceridian and the Stock Plan Administrator are based in the United States, such that Optionee's personal data will be transferred to the United States as part of the administration and management of the Plan. Optionee should note that Optionee's country of residence may have enacted data privacy laws that are different from the United States. As such, Ceridian will only transfer Optionee's personal data to the United States under a data transfer mechanism that addresses data protection laws, including in accordance with Ceridian's Binding Corporate Rules and/or other appropriate mechanisms such as data transfer agreements.

d. Voluntariness and Consequences of Consent Denial or Withdrawal. To the extent that Optionee's participation in the Plan is based on Optionee's grant of consent, it is purely voluntary. Optionee may deny or withdraw Optionee's consent at any time understanding, however, that such denial or withdrawal will not have retroactive effect. If Optionee does not consent, or if Optionee later withdraws Optionee's consent, Optionee may be unable to participate in the Plan. This would not affect Optionee's existing employment with the Employer or salary; instead, Optionee merely may forfeit the opportunities associated with the Plan.

e. **Data Subject Rights.** Optionee may have a number of rights under the data privacy laws in Optionee's country of residence. For example, Optionee's rights may include the right to (i) request access or copies of personal data Ceridian processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in Optionee's country, and/or (vi) request a list with the names and addresses of any potential recipients of Optionee's personal data. To receive clarification regarding Optionee's rights or to request the exercise of Optionee's rights, Optionee should email officeofgeneralcounsel@ceridian.com.

16. Nature of the Benefit. Optionee understands and agrees that:

- a. the Plan is established voluntarily by Ceridian, it is discretionary in nature and may be amended, modified, suspended or terminated by Ceridian at any time as provided in the Plan;
- b. the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive any additional Options or equity awards in the future from Ceridian or any Subsidiaries, or affect in any way the right of Ceridian or any Subsidiaries to terminate the granting of stock options or other equity awards at any time;
- c. all decisions with respect to future grants, if any, including, but not limited to, the times when the Options shall be granted, the Option Period, and the Exercise Price will be at the sole discretion of Ceridian;
- d. the grant of the Option and Optionee's participation in the Plan shall not create a right to further employment with the Employer, shall not be interpreted as forming an employment or Service contract with Ceridian and shall not interfere with the ability of the Employer to terminate Optionee's employment relationship at any time (as otherwise may be permitted under local law);
- e. Optionee's participation in the Plan is voluntary;
- f. the Option and any underlying Shares are not intended to replace any pension rights or compensation;
- g. the grant of the Option and the underlying Shares are an extraordinary item of compensation outside the scope of Optionee's employment (and employment contract, if any) and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- i. if the Option is exercised, the value of the Shares acquired upon exercise may increase or decrease, even below the Exercise Price;
- j. the grant of the Option will not be interpreted to form an employment contract with the Employer;
- k. Ceridian and the Employer are not liable for any exchange rate fluctuation between Optionee's local currency and the United States Dollar that may affect the value of the Shares or any amounts due pursuant to settlement or the subsequent sale of any Shares; and
- l. no claim or entitlement to compensation or damages shall arise from forfeiture of the Option under the Plan resulting from termination of Optionee's employment by the Employer (for any reason and whether or not in breach of local labor laws and whether or not later found to be invalid).

17. Electronic Delivery and Participation. Optionee acknowledges that Ceridian may, in its sole discretion, decide to deliver any documents related to Optionee's current or future participation in the Plan by electronic means and/or may request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by Ceridian, the Plan broker or another third party designated by Ceridian.

18. Impact on Service Status or Other Compensation. This Notice and the Plan are not an employment contract. Nothing contained in the Option, this Notice or the Plan shall confer on Optionee any right to continue in the Service of Ceridian or any Subsidiary or other affiliate of Ceridian, or affect in any way the right of Ceridian or any Subsidiary or other affiliate to terminate the Service of Optionee at any time. The Option is not part of normal or expected compensation for purposes of calculating any end of Service payments, retirement benefits or similar payments.

19. Non-Transferability of Option. The Option is non-transferable by Optionee except to the limited extent described in the Plan.

20. Rights as a Shareholder. Optionee and Optionee's representative shall have no rights as a shareholder with respect to any Shares subject to the Option unless and until those Shares have been issued by Ceridian pursuant to this Notice and the Plan.

21. Country Addendum; Interpretation of Terms; General. The term "Country Addendum" means any document prepared by Ceridian and which refers to this Notice and contains additional Option terms to address matters pertaining to Optionee's then current country of residence (and country of employment, if different). If Optionee relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to Optionee, to the extent Ceridian determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). The Country Addendum constitutes part of this Notice. The Committee shall interpret the terms of the Option, this Notice, the Plan and any Country Addendum, and all determinations by the Committee shall be final and binding. Ceridian may, without Optionee's consent, assign all of their respective rights and obligations under the Option to their respective successors and assigns. Following an assignment to the successor of Ceridian, all references herein to the Board of Directors and Committee shall be references to the board of directors and committee, as applicable, of the successor of Ceridian. This Notice, the Plan and any Country Addendum contain the complete agreement between Ceridian and Optionee concerning the Option, are governed by the laws of the State of Delaware (or the laws stated an

applicable Country Addendum), and may be amended only in writing, signed by an authorized officer of Ceridian. Optionee will take all actions reasonably requested by Ceridian to enable the administration of the Option and Plan and/or comply with the local laws and regulations of Optionee's then current country of residence. No waiver of any breach or condition of this Notice, the Plan or a Country Addendum shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

22. Additional Requirements. Ceridian reserves the right to impose other requirements on the Option to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with applicable laws, rules and regulations, or to facilitate the operation and administration of the Option and the Plan. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

23. Official Language. The official language of this Notice, the Plan and any Country Addendum is English. Documents or notices not originally written in English shall have no effect until they have been translated into English, and the English translation shall then be the prevailing form of such documents or notices. Any notices or other documents required to be delivered to Ceridian under this Notice, shall be translated into English, at Optionee's expense, and provided promptly to Ceridian in English. Ceridian may also request an untranslated copy of such documents.

24. Severability. Optionee agrees that the provisions of this Notice are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

25. Successors and Assigns. The provisions of this Notice will inure to the benefit of, and be binding upon, Ceridian and its successors and assigns and upon Optionee, Optionee's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Notice and have agreed in writing to be joined herein and be bound by the terms hereof.

26. Compensation Recoupment Policy. The Option and any Shares issued thereunder shall be subject to any compensation recoupment policy of Ceridian that is applicable by its terms to Optionee and to awards of this type. For purposes of the foregoing, Optionee expressly and explicitly authorizes Ceridian to issue instructions, on Optionee's behalf, to any brokerage firm and/or third-party administrator engaged by Ceridian to hold Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to Ceridian.

27. Additional Covenants To the extent enforceable by applicable law, and in consideration of the receipt of the Option granted by this Notice, Optionee by signing below covenants and agrees to the covenants set out in Exhibit B hereto.

Dated Effective: May 8, 2020

CERIDIAN HCM HOLDING INC.

By /s/ William E. McDonald
Authorized Officer

By signing below, I agree to comply with the requirements of this Notice:

Optionee's Printed Name: David Ossip

Optionee's Signature: /s/ David Ossip

Date signed by Optionee: August 1, 2020

THIS OPTION GRANT NOTICE WILL AUTOMATICALLY BECOME NULL AND VOID IF NOT:
(1) SIGNED BY OPTIONEE AND RETURNED TO CERIDIAN HCM HOLDING INC. BY AUGUST 8, 2020 AND
(2) COUNTER-SIGNED BELOW BY CERIDIAN HCM HOLDING INC. AFTER RECEIPT OF OPTIONEE'S SIGNATURE

Countersigned by:
CERIDIAN HCM HOLDING INC.

By /s/ William E. McDonald
Authorized Officer

This Notice and the Option are valid only to the extent that the number of Option Shares corresponds to the records of Ceridian's Corporate Secretary, and will automatically become null and void if not signed and returned by Optionee by August 8, 2020 and counter-signed by Ceridian HCM Holding Inc.

NOTIFICATION OF PERFORMANCE-BASED OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC.

pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (“Plan”)

COUNTRY ADDENDUM

This Country Addendum to the Notice includes additional terms and conditions that govern the Option and Optionee's participation in the Plan if Optionee resides and/or works outside of the United States. If Optionee transfers to another country reflected in this Country Addendum, the additional terms and conditions for such country (if any) will apply to Optionee to the extent Ceridian determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). Capitalized terms not defined in this Country Addendum but defined in the Notice or the Plan shall have the same meaning as in the Notice or the Plan.

AUSTRALIA

1. **Breach of Law.** Notwithstanding anything to the contrary in the Notice or the Plan, Optionee will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth) (or any successor provision), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.
2. **Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

1. **No Exercise by Using Previously Owned Shares.** Notwithstanding any terms and conditions in the Notice or the Plan to the contrary and except as otherwise may be permitted by Ceridian, Optionee is prohibited from surrendering Shares that Optionee already owns (*i.e.*, using a “stock swap” exercise method) to pay the Aggregate Exercise Price or any Tax-Related Items required to be withheld in connection with the exercise of the Option.
2. **Securities Law Information.** Optionee is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed, or takes place within Canada as may be permitted in accordance with applicable law.
3. **Termination Date.** Notwithstanding any provisions in the Notice or the Plan to the contrary, the effective date of Optionee's termination of Service for purposes of the Option shall be the last day of any statutory notice of termination period required under applicable law.

If Optionee is a resident of Quebec, the following provision applies:

4. **English Language Consent.** The parties acknowledge that it is their express wish that the Notice, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.
Les parties reconnaissent qu'elles souhaitent expressément que l'Avis, ainsi que tous les documents, avis et procédures judiciaires conclus, donnés ou institués en vertu des présentes ou se rapportant directement ou indirectement aux présentes, soient rédigés en anglais.

IRELAND

No country-specific provisions

MAURITIUS

No country-specific provisions

NEW ZEALAND

1. **Securities Law Information.** Warning: This is an offer of rights to purchase Shares underlying the Option. The Option gives Optionee the opportunity to acquire a stake in the ownership of Ceridian. Optionee may receive a return if dividends are paid on the Shares.

If Ceridian runs into financial difficulties and is wound up, Optionee will be paid only after all creditors and holders of preferred shares have been paid. Optionee may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Optionee may not be given all the information usually required. Optionee will also have fewer other legal protections for this investment.

Optionee should ask questions, read all documents carefully, and seek independent financial advice before committing himself or herself. The Shares are quoted or approved for trading on the

New York Stock Exchange ("NYSE"). This means that, if Optionee exercises the Option and Shares are issued to Optionee, Optionee can sell his or her investment on the NYSE if there are buyers for it. If Optionee sells his or her Shares, the price he or she receives may vary depending on factors such as the financial condition of Ceridian. Optionee may receive less than the full amount that he or she paid for the Shares.

For information on risk factors impacting Ceridian's business that may affect the value of the Shares, Optionee should refer to the risk factors discussion in Ceridian's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on Ceridian's "Investor Relations" website at <https://investors.ceridian.com/overview/default.aspx>.

For more details on the terms and conditions of the Option, please refer to the Notice, the Plan and the U.S. prospectus for the Plan which are available on the Stock Plan Administrator's website and free of charge on request via email to hcmstockequityaward@ceridian.com.

As noted above, Optionee should carefully read the materials provided before making a decision whether to participate in the Plan. Optionee also should contact his or her tax advisor for specific information concerning Optionee's personal tax situation with regard to Plan participation.

UNITED KINGDOM

1. **Responsibility for Taxes.** The following provision supplements Section 7 of the Notice.

Optionee agrees to be liable for any Tax-Related Items and hereby covenants to pay any such Tax-Related Items, as and when requested by Ceridian or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Optionee also agrees to indemnify and keep indemnified Ceridian and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Optionee's behalf.

Notwithstanding the foregoing, if Optionee is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision may not apply. In such case, Optionee understands that Optionee may not be able to indemnify Ceridian for the amount of any income tax not collected from or paid by Optionee and, therefore, any such income tax not so collected from or paid by Optionee within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute a benefit to Optionee on which additional income tax and national insurance contributions may be payable. Optionee acknowledges that Ceridian or the Employer may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in the Notice. However, Optionee is primarily responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime.

2. **Exclusion of Claim.** Optionee acknowledges and agrees that Optionee will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from Optionee ceasing to have rights under or to be entitled to the Option under the Plan, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss of diminution in value of the Shares underlying the Option. Upon the grant of the Option, Optionee shall be deemed to have waived irrevocably such entitlement.

EXHIBIT A
Performance Goals

Performance Metric: Ceridian Stock Price Appreciation:

- The Stock Price Thresholds noted below must be achieved within five years of the Grant Date.

Stock Price Threshold	Option Shares Eligible to Vest
1.7 times the Exercise Price = \$110.94 per share (U.S. Dollars)	750,000 option shares
2.0 times the Exercise Price = \$130.52 per share (U.S. Dollars)	750,000 option shares
TOTAL:	1,500,000 option shares

- Stock Price Thresholds are met if the per share closing price of a share of Stock as traded on the NYSE equals or exceeds the Stock Price Threshold for ten consecutive trading days of our Stock as reported on the NYSE.

Time-Based Component: Except as noted below, no Option Shares Eligible to Vest will vest and become exercisable before the third anniversary of the Grant Date.

Option Shares Vesting Conditions:

- If a Stock Price Threshold is met on or before the third anniversary of the Grant Date, then vesting of the Option Shares Eligible to Vest under the Stock Price Threshold will occur on the third anniversary of the Grant Date.
- If a Stock Price Threshold is met after the third anniversary of the Grant Date and on or before the fifth anniversary of the Grant Date, then vesting of the Option Shares Eligible to Vest under the Stock Price Threshold will occur on the date the Stock Price Threshold is met.
- If a Stock Price Threshold is not met on or prior to the fifth anniversary of the Grant Date, then the Option terminates as to any Option Shares Eligible to Vest under the unmet Stock Price Threshold.
- Vesting is cliff based and no more than a total of 1,500,000 option shares may vest pursuant to the Option.

Termination upon Death or Disability: If prior to the fifth anniversary of the Grant Date Optionee's Service is terminated due to death or Disability, the Option Share Vesting Conditions shall remain effective and the Option will vest and become exercisable in accordance with the foregoing provisions of this Exhibit A and the Notice; provided, upon Optionee's death, any Option Shares Eligible to Vest may be exercised by Optionee's beneficiary no later than 12 months following the date of vesting. If no validly designated beneficiary survives Optionee or if each surviving validly designated beneficiary is legally impaired or prohibited from receiving the benefits, Optionee's beneficiary shall be the legatee(s) designated under Optionee's last will or by Optionee's executors, personal representatives or distributees in accordance with Optionee's will or the laws of descent and distribution.

Termination without Cause or for Good Reason: If prior to the fifth anniversary of the Grant Date either (a) Optionee terminates Service for Good Reason, or (b) the Company terminates Optionee's Service without Cause, then any unvested portion of the Option will fully vest and be exercisable pursuant to the terms of the Notice.

Change in Control: Upon a Change in Control, all unmet Stock Price Thresholds shall be deemed met. If the Change in Control occurs prior the third anniversary of the Grant Date, then any proceeds from the Option, whether in cash or equity, and in the same proportions of other stockholders of the Company, shall be held in escrow for the benefit of Optionee until the earlier of (a) the third anniversary of the Grant Date or (b) the date Optionee terminates Service for Good Reason.

EXHIBIT B
Restricted Covenants

Optionee covenants and agrees that while employed by, or providing service to, Ceridian or any Subsidiary and for one (1) year following termination of Optionee's employment (whether initiated by Optionee or Ceridian) (the "Non-Compete Period"), Optionee shall not:

- a. directly or indirectly hire or solicit the employment or services of any then current employee of Ceridian or any Subsidiary (this restriction does not prevent (i) general solicitations to the public or (ii) providing employment references for people who are not seeking employment with Optionee's then current third-party employer);
- b. directly or indirectly solicit any then current customer of Ceridian or any Subsidiary for the purpose of selling or providing that customer any products or services that directly compete with the products or services of Ceridian or any Subsidiary; and/or
- c. work as an employee or consultant for, or beneficially own more than 5% of the equity or voting securities of, any company or entity that directly competes with Ceridian's human capital management business.

During the Non-Compete Period, if Optionee intends to seek any employment, consulting or ownership relationship that might violate these covenants, Optionee shall provide Ceridian at least 30 days advance written notice of that intended change. Ceridian may in its reasonable and sole discretion determine whether or not that intended change would violate these covenants, and shall promptly notify Optionee of that determination. In addition to Ceridian's other remedies available under applicable law, the Option will expire and be forfeited if Optionee breaches the restrictions in these covenants.

Participant Name:

Participant ID No.:
(if applicable)

Grant Date:

Number of Restricted Stock Units:

2019 Non-Sponsor, Independent Director

**CERIDIAN HCM HOLDING INC.
2018 Equity Incentive Plan
Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award Agreement (this "*Agreement*") is made by and between Ceridian HCM Holding Inc., a Delaware corporation (the "*Company*"), and the above-named participant (the "*Participant*"), effective as of the above-designated grant date (the "*Grant Date*").

RECITALS

WHEREAS, the Company has adopted the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (as the same may be amended from time to time, the "*Plan*"), which Plan is incorporated herein by reference and made a part of this Agreement, and capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan; and

WHEREAS, the Committee has authorized and approved the grant of an Award to the Participant that will provide the Participant the opportunity to acquire shares of Common Stock ("*Shares*") upon the settlement of stock units on the terms and conditions set forth in the Plan and this Agreement ("*Restricted Stock Units*").

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

1. **Grant of Restricted Stock Unit Award.** The Company hereby grants to the Participant the above-designated number of Restricted Stock Units, on the terms and conditions set forth in the Plan and this Agreement, subject to adjustment as set forth in the Plan.
2. **Vesting and Forfeiture of Restricted Stock Units.** Subject to the terms and conditions set forth in the Plan and this Agreement, the Restricted Stock Units shall vest as follows:
 - (a) **General.** Except as otherwise provided in Section 2(b), 25% of the Restricted Stock Units shall vest on the last day of each three (3) month period commencing on the Date of Grant, subject to the Participant's continued Service through the applicable vesting date.
 - (b) **Accelerated Vesting.** The Restricted Stock Units shall fully vest upon a Change of Control or upon the death of the Participant, subject to the Participant's continued Service through such date.
 - (c) **Termination of Service.** All unvested Restricted Stock Units shall be forfeited upon the Participant's termination of Service with the Company or its Subsidiaries for any reason. Without limiting the generality of the foregoing, the Shares (and any resulting proceeds) will continue to be subject to Section 12.2 (Termination for Cause) and 12.3 (Right of Recapture) of the Plan.
3. **Settlement.** The Company shall deliver to the Participant within forty-five (45) days following the vesting date of the Restricted Stock Units a number of Shares equal to the aggregate number of Restricted Stock Units that vest as of such date. No fractional Shares shall be delivered; the Company shall pay cash in respect of any fractional Shares. The Company may deliver such shares either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of Shares to be issued in respect of the Restricted Stock Units, registered in the name of the Participant. Notwithstanding the foregoing, the Restricted Stock Units may be settled in the form of: (a) cash, to the extent settlement in Shares (i) is prohibited under applicable laws, (ii) would require the Participant or the Company to obtain the approval of any governmental and/or regulatory body in the Participant's country of residence, or (iii) is administratively burdensome; or (b) Shares, but the Company may require the Participant to immediately sell such Shares if necessary to comply with applicable laws (in which case, the Participant hereby expressly authorizes the Company to issue sales instructions in relation to such Shares on the Participant's behalf).
4. **Responsibility for Taxes.**
 - (a) Participant shall be solely responsible for the payment and withholding of all income and other taxes attributable to Participant under this Agreement (the "*Tax-Related Items*"), and Participant shall timely remit all taxes to the Internal Revenue Service and any other required governmental agencies. The Participant further acknowledges and agrees that, during and after the Participant's termination of Service, Participant will indemnify, defend and hold the Company harmless from all taxes, interest, penalties, fees, damages, liabilities, obligations, losses and expenses arising from a failure or alleged failure to make the required reports and payments for income taxes.
 - (b) Where the Company is required by local laws in the Participant's country of residence to deduct or withhold any Tax-Related Items, then prior to the relevant taxable or taxable withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company to satisfy all such Tax-Related Items required to be withheld. In this regard,

the Participant authorizes the Company, or its respective agents, at their discretion, to satisfy the obligations with regard to all such Tax-Related Items required to be withheld by one or a combination of the following:

- (i) withholding from the Participant's wages or other cash compensation, if any, paid to the Participant by the Company;
- (ii) withholding from the proceeds from the sale of Shares acquired upon vesting, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization) including pursuant to a broker-assisted settlement;
- (iii) having the Company withhold Shares that the Participant otherwise would have received upon vesting of the Restricted Stock Units; or
- (iv) any other arrangement satisfactory to the Company regarding payment of such Tax-Related Items.

Depending on the withholding method, the Company may withhold or account for any such Tax-Related Items by considering applicable statutory withholding rates (as determined by the Company in good faith and in its sole discretion) or other applicable withholding rates.

- (c) Finally, where and to the extent that Section 4(b) is applicable, the Participant agrees to pay to the Company any number of Tax-Related Items that the Company may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the vesting of the Restricted Stock Units, or refuse to deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items required to be deducted or withheld by the Company.
5. **Adjustment of Shares.** If there shall occur any change with respect to the outstanding shares of Common Stock as provided by Section 4.5 of the Plan, the Restricted Stock Units may be adjusted accordingly.
 6. **Compliance with Laws.** If the Participant is resident outside of the United States, as a condition of participation, the Participant agrees to repatriate all payments attributable to the Shares or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired under the Plan) in accordance with local foreign exchange rules and regulations in the Participant's country of residence. In addition, the Participant agrees to take any and all actions, and consents to any and all actions taken by the Company as may be required to allow the Company to comply with local laws, rules and regulations in the Participant's country of residence. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under local laws, rules and regulations in his or her country of residence.
 7. **Private Placement.** If the Participant is resident outside of the United States, the Restricted Stock Units are not intended to be a public offering of securities in the Participant's country of residence. The Company has not submitted a registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law), and the Restricted Stock Units are not subject to the supervision of local securities authorities.
 8. **No Advice Regarding Participation.** No employee of the Company or its Subsidiaries is permitted to advise the Participant regarding his or her participation in the Plan. The Participant should consult with his or her own qualified personal tax, legal and financial advisors before taking any action related to the Plan.
 9. **Insider Trading and Market Abuse Laws.** By participating in the Plan, the Participant agrees to comply with the Company's policy on insider trading (to the extent that it is applicable to the Participant. The Participant acknowledges that, depending on the Participant or the Participant's broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws that may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares during such times the Participant is considered to have "inside information" regarding the Company as defined in the laws or regulations in the Participant's country of residence. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis), and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include employees of the Company. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with any restrictions and the Participant should speak to his or her personal advisor on this matter.
 10. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Restricted Stock Units, any Shares acquired pursuant to the Restricted Stock Units and the Participant's participation in the Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable for legal or administrative reasons. Such requirements may include (but are not limited to) requiring the Participant to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
 11. **Data Privacy.** The Participant hereby explicitly and unambiguously consents to the collection, use, processing and transfer, in electronic or other form, of the Participant's personal data as described in this document by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing his or her participation in the Plan.

The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, family size, marital status, sex, beneficiary information, emergency contacts, passport/visa information, age, language skills, driver's license information, nationality, C.V. (or resume), wage history, employment references, social insurance number, resident registration number or other identification number, salary, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax-related information, plan or benefit enrollment forms and elections, award or benefit statements, any Shares or directorships in the Company, details of all awards or any other entitlements to Shares awarded, canceled, purchased, vested, unvested or outstanding for purpose of managing and administering the Plan ("Data").

The Participant understands that Data may be transferred to Morgan Stanley Smith Barney (or any successor Plan Broker) and any third parties assisting in the implementation, administration and management of the Plan including, but not limited to, the Subsidiaries or Affiliates of the Company. These third-party recipients may be located in the Participant's country of residence or

elsewhere, and the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Company's People and Culture Organization.

The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired. The Participant understands that Data only will be held as long as is necessary to implement, administer and manage the Participant's participation in the Plan.

The Participant understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's human resources department. If the Participant does not consent, or if the Participant later seeks to revoke his or her consent, the Participant's service status and career will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant the Participant purchase rights or administer or maintain such purchase rights. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Company's People and Culture Organization.

Finally, upon request of the Company, the Participant agrees to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company and/) that the Company and/ may deem necessary to obtain from the Participant for the purpose of administering the Participant's participation in the Plan in compliance with the data privacy laws in the Participant's country of residence , either now or in the future. The Participant understands and agrees that he or she will be unable to participate in the Plan if the Participant fails to provide any such consent or agreement requested by the Company.

12. Nature of the Benefit. The Participant understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be amended, modified, suspended or terminated by the Company at any time as provided in the Plan;
- (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;
- (c) all decisions with respect to future grants, if any, including, but not limited to, the times when the Restricted Stock Units shall be granted and the vesting period will be at the sole discretion of the Company;
- (d) the grant of Restricted Stock Units and the Participant's participation in the Plan shall not create a right to employment with the Company, shall not be interpreted as forming an employment or Service contract with the Company and shall not interfere with the ability of the Company to terminate the Participant's service relationship at any time (as otherwise may be permitted under local law);
- (e) the Participant's participation in the Plan is voluntary;
- (f) the Restricted Stock Units and any underlying Shares are not intended to replace any pension rights or compensation;
- (g) the grant of Restricted Stock Units and the underlying Shares are an extraordinary item of compensation and is not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (i) the grant of Restricted Stock Units will not be interpreted to form an employment contract with the Company; and
- (j) the Company is not liable for any exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Shares or any amounts due pursuant to settlement or the subsequent sale of any Shares.

13. Country Addendum; Interpretation of Terms; General. The term "Country Addendum" means any document prepared by the Company and which refers to this Agreement and contains additional Restricted Stock Unit terms to address matters pertaining to the Participant's then current country of residence. If the Participant relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms as may be necessary or advisable to accommodate the Participant's transfer). The Country Addendum constitutes part of this Agreement. The Committee shall interpret the terms of the Restricted Stock Units, this Agreement, the Plan and any Country Addendum, and all determinations by the Committee shall be final and binding. The Company may, without the Participant's consent, assign all of their respective rights and obligations under the Restricted Stock Unit to their respective successors and assigns. Following an assignment to the successor of the Company, as applicable, all references herein to the Board of Directors and Committee shall be references to the board of directors and committee, as applicable, of the successor of the Company. This Agreement, the Plan and any Country Addendum contain the complete agreement between the Company and the Participant concerning the Restricted Stock Units, are governed by the laws of the State of Delaware (or the laws stated an applicable Country Addendum), and may be amended only in writing, signed by an authorized officer of the Company. The Participant will take all actions reasonably requested by the Company to enable the

administration of the Restricted Stock Units and Plan and/or comply with the local laws and regulations of the Participant's then current country of residence. No waiver of any breach or condition of this Agreement, the Plan or a Country Addendum shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

14. Compensation Recoupment Policy. The Restricted Stock Units and any Shares issued thereunder shall be subject to any compensation recoupment policy of the Company that is applicable by its terms to the Participant and to awards of this type. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on the Participant's behalf, to any brokerage firm and/or third-party administrator engaged by the Company to hold Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

15. Miscellaneous Provisions

- (a) Rights of a Shareholder of the Company. Prior to settlement of the Restricted Stock Units in Shares, neither the Participant nor the Participant's representative will have any rights as a shareholder of the Company with respect to any Shares underlying the Restricted Stock Units. To the extent the Company pays any regular cash dividends to its shareholders, dividend equivalent rights with respect to the Shares will be accumulated and will be satisfied in additional Restricted Stock Units that are subject to the same terms and conditions of the applicable Restricted Stock Units.
- (b) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties hereto with regard to the subject matter of this Agreement. This Agreement and the Plan supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter of this Agreement.
- (c) Official Language. The official language of this Agreement, the Plan and any Country Addendum is English. Documents or notices not originally written in English shall have no effect until they have been translated into English, and the English translation shall then be the prevailing form of such documents or notices. Any notices or other documents required to be delivered to Ceridian under this Agreement, shall be translated into English, at the Participant's expense, and provided promptly to the Company in English. The Company may also request an untranslated copy of such documents.
- (d) Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.
- (e) Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.
- (f) Amendment. Except as otherwise provided in the Plan, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.
- (g) Signature in Counterparts. This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.
- (h) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- (i) Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail.

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the dates set forth below.

PARTICIPANT

CERIDIAN HCM HOLDING INC.

By: _____ Date: _____

By: _____ Date: _____

Printed Name: _____

Printed Name: _____

CERIDIAN HCM HOLDING INC.
2018 Equity Incentive Plan
Restricted Stock Unit Award Agreement
COUNTRY ADDENDUM

This Country Addendum to the Agreement includes additional terms and conditions that govern the Restricted Stock Units (“RSUs”) and the Participant’s participation in the Plan if the Participant resides and/or works outside of the United States. If the Participant transfers to another country reflected in this Country Addendum, the additional terms and conditions for such country (if any) will apply to the Participant to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or the Company may establish alternative terms as may be necessary or advisable to accommodate the Participant’s transfer). Capitalized terms not defined in this Country Addendum but defined in the Agreement or the Plan shall have the same meaning as in the Agreement or the Plan.

AUSTRALIA

1. **Breach of Law.** Notwithstanding anything to the contrary in the Agreement or the Plan, the Participant will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth) (or any successor provision), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.
2. **Tax Information.** The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

CANADA

1. **Securities Law Information.** The Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed.
2. **Termination Date.** Notwithstanding any provisions in the Agreement or the Plan to the contrary, the effective date of the Participant’s termination of Service for purposes of the Restricted Stock Units shall be the last day of any statutory notice of termination period required under applicable law.

If the Participant is a resident of Canada for purposes of the Income Tax Act (Canada), or is subject to taxation in Canada in respect of his or her RSUs, the following provisions apply:

3. **Settlement.** Notwithstanding any provisions in the Agreement or the Plan to the contrary, prior to the date that is ten years after the applicable Grant Date (the “Expiry Date”), all or any number of vested RSUs held by such Participant may be converted by the Participant to Shares at the option of the Participant after each Vesting Date. This right may be exercised by delivering an electronically executed notice of conversion (a “Conversion Notice”) in such form, manner and timeframe required by Ceridian. The Conversion Notice shall state the number of vested RSUs such Participant wishes to convert into Shares. As soon as practical following receipt of the Conversion Notice, the Company shall issue and deliver to such Participant a number of Shares equal to the aggregate number of RSUs so exercised in settlement thereof. Any RSUs in respect of which the Participant has not provided a Conversion Notice prior to the Expiry Date will be forfeited and cancelled for no consideration.
4. **Settlement in Shares.** Notwithstanding any provisions in the Agreement or the Plan to the contrary, no cash or other property (other than newly issued Shares) shall be issuable or deliverable by the Company upon the settlement of such Participant’s RSUs hereunder. If the aggregate number of Shares issuable to such Participant upon the conversion of the Participant’s RSUs hereunder would otherwise include a fraction of a Share, such number of Shares shall be rounded down to the nearest whole number of Shares.

If the Participant is a resident of Quebec, the following provision applies:

5. **English Language Consent.** The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressément souhaité que la convention, ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

IRELAND

No country-specific provisions.

MAURITIUS

No country-specific provisions.

NEW ZEALAND

1. *Securities Law Notice.*

WARNING: This is an offer of RSUs which, upon vesting and settlement in accordance with the terms of the Plan and the Agreement, will be converted into Shares. Shares provide the Participant with a stake in the ownership of the Company. The Participant may receive a return on any Shares acquired under the Plan if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors and holders of preference shares have been paid. The Participant may lose some or all of his / her investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, the Participant may not be given all the information usually required. The Participant also will have fewer other legal protections for this investment. On this basis, the Participant should seek independent professional advice before acquiring any Shares under the Plan.

Prior to the vesting and settlement of the RSUs, the Participant will not have any rights of ownership (e.g., voting or dividend rights) with respect to the underlying Shares.

No interest in any RSUs may be transferred (legally or beneficially), assigned, mortgaged, charged or encumbered.

The Shares are quoted on the New York Stock Exchange under the symbol "CDAY". This means that if you acquire Shares under the Plan, the Participant may be able to sell them on the New York Stock Exchange if there are interested buyers. The price will depend on the demand for the Shares.

The information on risk factors impacting the Company's business that may affect the value of the Shares, the Participant should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's Investor Relations website at <https://investors.ceridian.com/overview/default.aspx>.

For more details on the terms and conditions of the RSUs, please refer to the Notice, the Plan and the U.S. prospectus for the Plan which are available on the Stock Plan Administrator's website and free of charge on request via email to HCMStockEquityAward@Ceridian.com.

As noted above, the Participant should carefully read the materials provided before making a decision whether to participate in the Plan. The Participant also should contact his or her tax advisor for specific information concerning the Participant's personal tax situation with regard to Plan participation.

UNITED KINGDOM

1. *Responsibility for Taxes.* The following provision supplements Section 4 of the Agreement:

The Participant agrees to be liable for any Tax-Related Items and hereby covenants to pay any such Tax-Related Items, as and when requested by Ceridian or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Participant's behalf.

Notwithstanding the foregoing, if the Participant is a director or executive officer (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision may not apply. In such case, the Participant understands that the Participant may not be able to indemnify the Company for the amount of any income tax not collected from or paid by the Participant and, therefore, any such income tax not so collected from or paid by the Participant within 90 days after the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Company may recover any such additional income tax and national insurance contributions at any time thereafter by any of the means referred to in the Agreement. However, the Participant is primarily responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime.

2. *Exclusion of Claim.* The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the Restricted Stock Units under the Plan or from the loss of diminution in value of the Shares underlying the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed to have waived irrevocably such entitlement.

Option to Purchase Common Stock of Ceridian HCM Holding Inc.

NON-NEGOTIABLE & NON-TRANSFERABLE

Series (2020-%%CLASS%-%)

Voidable if Not Electronically Signed

Participant Name:

Participant ID No.:

Grant Date:

Number of Option Shares:

(purchasable under the Option when vested & exercisable)

Exercise Price: per Share (U.S. Dollars)

NOTIFICATION OF OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC. pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan ("Plan")

1. **Option and Exercise Price.** When signed and returned by the above-named participant and countersigned by Ceridian HCM Holding Inc. ("Ceridian"), this Notice certifies that on the above-designated grant date ("Grant Date"), Ceridian granted to the above-named participant ("Optionee") the option (the "Option") to purchase, when vested and exercisable as described in this Notice and the Plan, all or any portion of the above-designated number of shares ("Shares") of common stock, par value \$0.01 per share ("Stock") of Ceridian, for the above-designated exercise price per Share, subject to adjustment as set forth in the Plan (the "Exercise Price"). The Exercise Price is equal to the Fair Market Value of a Share on the Grant Date. The Option is governed by this Notice and the Plan (a copy of the Plan has been provided to Optionee). Capitalized terms not defined in this Notice are defined in the Plan. The Option is intended to be a Nonqualified Stock Option.
2. **Time Based Vesting of Option and Acceleration of Vesting.** During the Option Period (as defined below), twenty-five percent (25%) of the Option will vest and become exercisable on the last day of each three (3) month period commencing on the Grant Date (each an "Option Vesting Date"), subject to Optionee's continued Service through the applicable Option Vesting Date. Upon a Change of Control or upon Optionee's termination of Service due to death, the Option will become fully vested and exercisable. Upon Optionee's termination of Service for any other reason, the unvested portion of the Option immediately and automatically will be forfeited without further consideration.
3. **Option Period and Forfeiture.** The Option expires ten years after the Grant Date, unless terminated earlier as follows (the "Option Period"): (a) if Optionee's Service terminates for Cause, the vested portion of the Option expires immediately; and (b) if Optionee's Service terminates other than for Cause, the vested portion of the Option expires (i) 12 months following Optionee's termination of Service due to death or Disability, or (ii) 90 days following Optionee's termination of Service other than due to death or Disability; provided, the Option shall automatically expire in its entirety (whether or not vested) effective as of the date Optionee breaches the terms and conditions of the Plan or this Notice.
4. **Exercise of Option.** Before the end of the Option Period, all or a portion of the vested portion of the Option can be exercised to acquire a whole number of Shares under the Plan by Optionee (or in the case of Optionee's termination of Service due to death or Disability, by Optionee's representative) by delivering an electronically executed notice of exercise (an "Exercise Notice") in such form, manner and timeframe required by Ceridian. The Exercise Notice shall state the whole number of Shares under the Option being exercised and shall be accompanied by full payment of the Exercise Price for each such Option (collectively, the "Aggregate Exercise Price") and any applicable Tax-Related Items (as defined below) required to be withheld (in such form of payment as permitted in Section 5) for each of those Shares, and contain Optionee's agreement to comply with the terms of this Notice and the Plan.
5. **Payment of Aggregate Exercise Price and Withholdings.** Optionee may pay the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld as follows:
 - a. Cash or Check. In cash or by bank certified check.
 - b. Brokered Cashless Exercise. To the extent permitted by applicable law and the Committee, from the proceeds of a sale through a broker on the date of exercise of some or all of the Shares to which the exercise relates. In that case, Optionee will electronically execute an Exercise Notice and provide Ceridian's third-party Plan administrator with a copy of irrevocable instructions to a broker to deliver promptly to Ceridian the amount of sale proceeds to pay the Aggregate Exercise Price and/or applicable Tax-Related Items required to be withheld, as applicable. To facilitate the foregoing, Ceridian may, to the extent permitted by applicable law, enter into agreements or coordinate procedures with one or more brokerage firms.

- c. **Net Exercise.** Unless otherwise determined by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value equal to the Aggregate Exercise Price and any applicable Tax-Related Items required to be withheld.
- d. **Surrender of Stock.** In each instance, at the sole discretion of the Committee, by surrendering, or attesting to the ownership of, Shares that are already owned by Optionee free and clear of any restriction or limitation, unless the Committee specifically agrees in writing to accept such Shares subject to such restriction or limitation. Such Shares will be surrendered to Ceridian in good form for transfer and will be valued by Ceridian at their Fair Market Value on the date of the applicable exercise of the Option, or to the extent applicable, on the date any applicable Tax-Related Items required to be withheld are to be determined. Optionee will not surrender, or attest to the ownership of, Shares in payment of the Aggregate Exercise Price (or any applicable Tax-Related Items required to be withheld) if such action would cause Ceridian to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes that otherwise would not have been recognized.

For the sake of clarity, the Exercise Price is payable in United States dollars.

6. **Issuance of Shares.** After all requirements with respect to the exercise of all or a portion of the Option have been satisfied, the Committee will cause the Shares as to which the Option or portion thereof has been exercised to be issued (or, in the Committee's discretion, in un-certificated form, upon the books of Ceridian's transfer agent), registered in the name of the person exercising the Option or portion thereof (or in the names of such person and his or her spouse as community property or as joint tenants with right of survivorship). Neither Ceridian nor the Committee will be liable to Optionee or any other person for damages relating to any delays in issuing the Shares or any mistakes or errors in the issuance of the Shares.
7. **Tax Matters and Withholdings.** Optionee shall be solely responsible for the payment and withholding of all income and other taxes attributable to Optionee under this Agreement (the "**Tax-Related Items**"), and Optionee shall timely remit all taxes to the Internal Revenue Service and any other required governmental agencies. Optionee further acknowledges and agrees that, during and after Optionee's termination of Service, Optionee will indemnify, defend and hold Ceridian harmless from all taxes, interest, penalties, fees, damages, liabilities, obligations, losses and expenses arising from a failure or alleged failure to make the required reports and payments for income taxes.

Where Ceridian is required by applicable laws to deduct or withhold any Tax-Related Items, the prior to the relevant taxable or taxable withholding event, as applicable, Optionee agrees to pay or make adequate arrangements satisfactory to Ceridian to satisfy all such Tax-Related Items required to be withheld. In this regard, Optionee authorizes Ceridian, or its respective agents, at their discretion, to satisfy the obligations with regard to all such Tax-Related Items required to be withheld by one or a combination of the following:

- requiring payment of any Tax-Related Items required to be withheld with payment of the Aggregate Exercise Price;
- withholding from Optionee's fees or other cash compensation, if any, paid to Optionee by Ceridian;
- withholding from the proceeds from the sale of Shares acquired upon exercise, either through a voluntary sale or through a mandatory sale arranged by Ceridian (on Optionee's behalf pursuant to this authorization);
- having Ceridian withhold a number of whole Shares that Optionee otherwise would have received upon exercise of the Option; or
- any other arrangement satisfactory to Ceridian regarding payment of such Tax-Related Items.

Depending on the withholding method, Ceridian may withhold or account for any such Tax-Related Items by considering applicable statutory withholding rates (as determined by Ceridian in good faith and in its sole discretion) or other applicable withholding rates.

Finally, where and to the extent that withholding is required under this Section 7, Optionee agrees to pay to Ceridian any number of Tax-Related Items that Ceridian may be required to withhold or account for as a result of Optionee's participation in the Plan that cannot be satisfied by the means previously described. Ceridian may refuse to honor the exercise of the Option, or refuse to deliver the Shares or the proceeds of the sale of Shares, if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items required to be deducted or withheld by Ceridian.

8. **Adjustments.** The Option will be subject to adjustments as provided in Section 4.5 of Plan.
9. **Securities Law Restrictions.** Regardless of whether the offering and sale of Stock under the Plan have been registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or have been registered or qualified under the securities laws of any state, province or other jurisdiction, the Board of Directors, at its sole discretion, may impose restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on stock certificates and/or the imposition of stop-transfer instructions) if, in the judgment of the Board of Directors, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act or the securities laws or other laws of any state, province or other jurisdiction. Such restrictions may be in addition to the restrictions set forth in the applicable shareholders agreement in effect with any shareholders of Ceridian.
10. **Compliance with Laws.** If Optionee is resident outside of the United States, Optionee agrees to repatriate all payments attributable to the Shares or cash acquired under the Plan (including, but not limited to, dividends and any proceeds derived from the sale of Shares acquired under the Plan) in accordance with local foreign exchange rules and regulations in Optionee's country of residence. In addition, Optionee agrees to take any and all actions, and consents to any and all actions taken by Ceridian, as may be required to allow Ceridian to comply with local laws, rules and regulations in Optionee's country of residence. Finally, Optionee agrees to take any and all actions as may be required to comply with Optionee's personal legal and tax obligations under local laws, rules and regulations in Optionee's country of residence.
11. **Private Placement.** If Optionee is resident outside the United States, the Option is not intended to be a public offering of securities in Optionee's country of residence. Ceridian has not submitted a registration

statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law), and the Option is not subject to the supervision of local securities authorities.

- 12. No Advice Regarding Participation.** No employee of Ceridian or its Subsidiaries is permitted to advise Optionee regarding Optionee's participation in the Plan including the exercise or sale of Shares. Optionee should consult with Optionee's own qualified personal tax, legal and financial advisors before taking any action related to the Plan.
- 13. Insider Trading and Market Abuse Laws.** By participating in the Plan, Optionee agrees to comply with Ceridian's policy on insider trading (to the extent that it is applicable to Optionee). Optionee acknowledges that, depending on Optionee or Optionee's broker's country of residence or where the Shares are listed, Optionee may be subject to insider trading restrictions and/or market abuse laws that may affect Optionee's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares or rights linked to the value of Shares during such times Optionee is considered to have "inside information" regarding Ceridian as defined in the laws or regulations in Optionee's country of residence. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Optionee placed before he or she possessed inside information. Furthermore, Optionee could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis), and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include employees of Ceridian. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Ceridian insider trading policy. Optionee acknowledges that it is Optionee's responsibility to comply with any restrictions and Optionee should consult with Optionee's personal advisor on this matter.
- 14. Imposition of Other Requirements.** Ceridian reserves the right to impose other requirements on the Option, any Shares acquired pursuant to the Option and Optionee's participation in the Plan to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable for legal or administrative reasons. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
- 15. Personal Information.** Optionee hereby explicitly and unambiguously consents to the collection, use, processing and transfer, in electronic or other form, of Optionee's personal data as described in this Notice by and among, as applicable, Ceridian and its Subsidiaries for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan.

Optionee understands that Ceridian may hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, email address, date of birth, family size, marital status, sex, beneficiary information, emergency contacts, passport/visa information, age, language skills, driver's license information, nationality, C.V. (or resume), fee history, professional references, social insurance number, resident registration number or other identification number, compensation, job title, Service or severance contract, current fee and benefit information, personal bank account number, tax-related information, plan election forms, award or benefit statements, any Shares or directorships in Ceridian, details of all awards or any other entitlements to Shares awarded, canceled, purchased, vested, unvested or outstanding for purpose of managing and administering the Plan ("Data").

Optionee understands that Data may be transferred to E*Trade (or any successor Plan broker) and any third parties assisting in the implementation, administration and management of the Plan including, but not limited to, the Subsidiaries of Ceridian. These third-party recipients may be located in Optionee's country of residence or elsewhere, and the recipient's country may have different data privacy laws and protections than Optionee's country. Optionee understands that Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting Ceridian's People and Culture Organization.

Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired. Optionee understands that Data only will be held as long as is necessary to implement, administer and manage Optionee's participation in the Plan.

Optionee understands that Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Ceridian's People and Culture Organization. If Optionee does not consent, or if Optionee later seeks to revoke Optionee's consent, Optionee's Service status and career will not be affected; the only consequence of refusing or withdrawing Optionee's consent is that Ceridian would not be able to grant Optionee Options or administer or maintain such Options. Therefore, Optionee understands that refusing or withdrawing Optionee's consent may affect Optionee's ability to participate in the Plan. For more information on the consequences of Optionee's refusal to consent or withdrawal of consent, Optionee understands that Optionee may contact Ceridian's People and Culture Organization.

Finally, upon request of Ceridian, Optionee agrees to provide an executed data privacy consent (or any other agreements or consents that may be required by Ceridian) that Ceridian may deem necessary to obtain from Optionee for the purpose of administering Optionee's participation in the Plan in compliance with the data privacy laws in Optionee's country of residence, either now or in the future. Optionee understands and agrees that Optionee will be unable to participate in the Plan if Optionee fails to provide any such consent or agreement requested by Ceridian.

- 16. Nature of the Benefit.** Optionee understands and agrees that:
- the Plan is established voluntarily by Ceridian, it is discretionary in nature and may be amended, modified, suspended or terminated by Ceridian at any time as provided in the Plan;
 - the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive any additional Options or equity awards in the future from Ceridian or any Affiliates, or affect in any way the right of Ceridian or any Affiliates to terminate the granting of stock options or other equity awards at any time;
 - all decisions with respect to future grants, if any, including, but not limited to, the times when the Options shall be granted, the Option Period, and the Exercise Price will be at the sole discretion of Ceridian;
 - the grant of the Option and Optionee's participation in the Plan shall not create a right to employment with Ceridian, shall not be interpreted as forming an employment or Service contract with Ceridian and shall not interfere with the ability of Ceridian to terminate Optionee's service relationship at any time (as otherwise may be permitted under local law);

- e. Optionee's participation in the Plan is voluntary;
 - f. the Option and any underlying Shares are not intended to replace any pension rights or compensation;
 - g. the grant of the Option and the underlying Shares are an extraordinary item of compensation and are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
 - h. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - i. if the Option is exercised, the value of the Shares acquired upon exercise may increase or decrease, even below the Exercise Price;
 - j. the grant of the Option will not be interpreted to form an employment contract with Ceridian;
 - k. Ceridian is not liable for any exchange rate fluctuation between Optionee's local currency and the United States Dollar that may affect the value of the Shares or any amounts due pursuant to settlement or the subsequent sale of any Shares; and
- 17. Electronic Delivery and Participation.** Optionee acknowledges that Ceridian may, in its sole discretion, decide to deliver any documents related to Optionee's current or future participation in the Plan by electronic means and/or may request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by Ceridian, the Plan broker or another third party designated by Ceridian.
- 18. Impact on Service Status or Other Compensation.** This Notice and the Plan are not an employment contract. Nothing contained in the Option, this Notice or the Plan shall confer on Optionee any right to continue in the Service of Ceridian or any Subsidiary or other affiliate of Ceridian, or affect in any way the right of Ceridian or any Subsidiary or other affiliate to terminate the Service of Optionee at any time. The Option is not part of normal or expected compensation for purposes of calculating any end of Service payments, retirement benefits or similar payments.
- 19. Non-Transferability of Option.** The Option is non-transferable by Optionee except to the limited extent described in the Plan.
- 20. Rights as a Shareholder.** Optionee and Optionee's representative shall have no rights as a shareholder with respect to any Shares subject to the Option unless and until those Shares have been issued by Ceridian pursuant to this Notice and the Plan.
- 21. Country Addendum; Interpretation of Terms; General.** The term "Country Addendum" means any document prepared by Ceridian and which refers to this Notice and contains additional Option terms to address matters pertaining to Optionee's then current country of residence. If Optionee relocates to one of the countries included in the Country Addendum, the special terms and conditions for such country will apply to Optionee, to the extent Ceridian determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). The Country Addendum constitutes part of this Notice. The Committee shall interpret the terms of the Option, this Notice, the Plan and any Country Addendum, and all determinations by the Committee shall be final and binding. Ceridian may, without Optionee's consent, assign all of their respective rights and obligations under the Option to their respective successors and assigns. Following an assignment to the successor of Ceridian, all references herein to the Board of Directors and Committee shall be references to the board of directors and committee, as applicable, of the successor of Ceridian. This Notice, the Plan and any Country Addendum contain the complete agreement between Ceridian and Optionee concerning the Option, are governed by the laws of the State of Delaware (or the laws stated in an applicable Country Addendum), and may be amended only in writing, signed by an authorized officer of Ceridian. Optionee will take all actions reasonably requested by Ceridian to enable the administration of the Option and Plan and/or comply with the local laws and regulations of Optionee's then current country of residence. No waiver of any breach or condition of this Notice, the Plan or a Country Addendum shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.
- 22. Additional Requirements.** Ceridian reserves the right to impose other requirements on the Option to the extent Ceridian determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with applicable laws, rules and regulations, or to facilitate the operation and administration of the Option and the Plan. Such requirements may include (but are not limited to) requiring Optionee to sign any agreements or undertakings that may be necessary to accomplish the foregoing.
- 23. Official Language.** The official language of this Notice, the Plan and any Country Addendum is English. Documents or notices not originally written in English shall have no effect until they have been translated into English, and the English translation shall then be the prevailing form of such documents or notices. Any notices or other documents required to be delivered to Ceridian under this Notice, shall be translated into English, at Optionee's expense, and provided promptly to Ceridian in English. Ceridian may also request an untranslated copy of such documents.
- 24. Severability.** Optionee agrees that the provisions of this Notice are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- 25. Successors and Assigns.** The provisions of this Notice will inure to the benefit of, and be binding upon, Ceridian and its successors and assigns and upon Optionee, Optionee's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Notice and have agreed in writing to be joined herein and be bound by the terms hereof.
- 26. Compensation Recoupment Policy.** The Option and any Shares issued thereunder shall be subject to any compensation recoupment policy of Ceridian that is applicable by its terms to Optionee and to awards of this type. For purposes of the foregoing, Optionee expressly and explicitly authorizes Ceridian to issue instructions, on Optionee's behalf, to any brokerage firm and/or third-party administrator engaged by Ceridian to hold Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to Ceridian.

Dated Effective: _____

CERIDIAN HCM HOLDING INC.

By 
Authorized Officer

By signing below, I agree to comply with the requirements of this Notice:

Optionee's Printed Name: _____ Optionee's Signature: _____

Date signed by Optionee: _____, 2020

**THIS OPTION GRANT NOTICE WILL AUTOMATICALLY BECOME NULL AND VOID IF NOT:
(1) SIGNED BY OPTIONEE AND RETURNED TO CERIDIAN HCM HOLDING INC. BY _____ AND
(2) COUNTER-SIGNED BELOW BY CERIDIAN HCM HOLDING INC. AFTER RECEIPT OF OPTIONEE'S SIGNATURE**

Countersigned by:
CERIDIAN HCM HOLDING INC.

By
Authorized Officer

This Notice and the Option are valid only to the extent that the number of Option Shares corresponds to the records of Ceridian's Corporate Secretary, and will automatically become null and void if not signed and returned by Optionee by _____ and counter-signed by Ceridian HCM Holding Inc.

NOTIFICATION OF OPTION GRANT FOR PURCHASE OF COMMON STOCK OF CERIDIAN HCM HOLDING INC.
pursuant to the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan ("Plan")

COUNTRY ADDENDUM

This Country Addendum to the Notice includes additional terms and conditions that govern the Option and Optionee's participation in the Plan if Optionee resides and/or works outside of the United States. If Optionee transfers to another country reflected in this Country Addendum, the additional terms and conditions for such country (if any) will apply to Optionee to the extent Ceridian determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons (or Ceridian may establish alternative terms as may be necessary or advisable to accommodate Optionee's transfer). Capitalized terms not defined in this Country Addendum but defined in the Notice or the Plan shall have the same meaning as in the Notice or the Plan.

CANADA

1. **No Exercise by Using Previously Owned Shares.** Notwithstanding any terms and conditions in the Notice or the Plan to the contrary and except as otherwise may be permitted by Ceridian, Optionee is prohibited from surrendering Shares that Optionee already owns (*i.e.*, using a "stock swap" exercise method) to pay the Aggregate Exercise Price or any Tax-Related Items required to be withheld in connection with the exercise of the Option.
2. **Securities Law Information.** Optionee is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed, or takes place within Canada as may be permitted in accordance with applicable law.
3. **Termination Date.** Notwithstanding any provisions in the Notice or the Plan to the contrary, the effective date of the Optionee's termination of Service for purposes of the Option shall be the last day of any statutory notice of termination period required under applicable law.

If Optionee is a resident of Quebec, the following provision applies:

4. **English Language Consent.** The parties acknowledge that it is their express wish that the Notice, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent qu'elles souhaitent expressément que l'Avis, ainsi que tous les documents, avis et procédures judiciaires conclus, donnés ou institués en vertu des présentes ou se rapportant directement ou indirectement aux présentes, soient rédigés en anglais.

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: August 5, 2020

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: August 5, 2020

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: August 5, 2020

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: August 5, 2020

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