CERIDIAN CORP /DE/
Form PREM14A
June 15, 2007

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

CERIDIAN CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common stock of Ceridian Corporation, par value $0.01 per share

(2) Aggregate number of securities to which transaction applies:
144,044,777 shares of common stock
6,465,862 options to purchase shares of common stock
Restricted stock units with respect to 686,864 shares of common stock
Share equivalents with respect to 35,370 shares of common stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The maximum aggregate value was determined based upon the sum of (A) 144,044,777 shares of common stock multiplied by $36.00 per share; (B) options to purchase 6,465,862 shares of common stock with exercise prices less than $36.00 multiplied by $13.84 (which is the difference between $36.00 and the weighted average exercise price of such options of $22.16 per share); (C) restricted stock units with respect to 686,864 shares of common stock multiplied by $36.00 per share; and (D) share equivalents with respect to 35,370 shares of common stock multiplied by $36.00. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00003070 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
$5,301,099,926

(5) Total fee paid:
$162,744

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

SUBJECT TO COMPLETION DATED JUNE 14, 2007

[ ], 2007

Dear Stockholder:

On behalf of Ceridian s board of directors, we are pleased to invite you to attend Ceridian Corporation s 2007 annual meeting of stockholders. The 2007 annual meeting of stockholders of Ceridian Corporation will be held on [ ], 2007 at [ ] a.m., local time, at [ ].

At the annual meeting, we will ask you to:

1. consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 30, 2007, by and among Ceridian Corporation (Ceridian or the Company), Foundation Holdings, Inc. (Parent) and Foundation Merger Sub, Inc. (Merger Sub), as it may be amended from time to time (the merger agreement), and approve the merger contemplated by that agreement;

2. elect seven directors to serve on the board of directors of Ceridian until their successors are duly elected and qualified;

3. consider and vote upon a proposal to ratify the Audit Committee s appointment of KPMG LLP as our independent registered public accounting firm;

4. approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt the merger agreement and approve the merger or ratify the appointment of KPMG; and

5. transact any other business properly coming before the annual meeting.

The merger agreement provides for the merger of Merger Sub into Ceridian, with Ceridian surviving the merger and becoming a wholly owned subsidiary of Parent (the merger). Parent is owned jointly by private equity funds of Thomas H. Lee Partners, L.P., a leading private equity investment firm, and Fidelity National Financial, Inc., a leading provider of title insurance, specialty insurance and claims and management services. If we complete the merger, you will be entitled to receive $36.00 in cash, without interest, for each share of Ceridian common stock you own.

Our board of directors has unanimously determined that the merger agreement, including the merger and the other transactions contemplated by the merger agreement, is fair to, advisable and in the best interests of the Company and its unaffiliated stockholders. **Accordingly, the board unanimously recommends that you vote FOR adoption of the merger agreement and approval of the merger.** The proxy statement attached to this letter provides you with information about the merger and the other matters to be considered at the annual meeting. We encourage you to read the entire proxy statement carefully.

This year s annual meeting will be particularly significant and your vote is extremely important. In order to complete the merger, a majority of the outstanding shares of Ceridian common stock entitled to vote must adopt the merger agreement and approve the merger. As a result, if you fail to vote on the merger agreement, it will have the same effect as a vote against the merger.

In addition, Pershing Square Capital Management, L.P. and certain affiliated entities (Pershing Square) have announced an intention to nominate an alternative slate of directors at this year s annual meeting. We believe the current board has acted responsibly and in the best interests of stockholders in evaluating strategic alternatives and approving the merger agreement.

For these reasons and the other reasons set forth in the proxy statement, we encourage you to vote in favor of the merger, in favor of your board s nominees and in favor of the other proposals to be considered at the annual meeting as soon as possible either by marking, signing, dating and returning the enclosed WHITE proxy card in the postage-paid envelope or by telephone or by Internet, whether or not you plan to attend the annual meeting. Instructions are on the WHITE proxy card.

This proxy statement is dated [ ] and is first being mailed to stockholders on or about [ ].

Sincerely,

L. White Matthews, III	Kathryn V. Marinello
Chairman of the Board of Directors	*President and Chief Executive Officer*

3311 East Old Shakopee Road
Minneapolis, Minnesota 55425

NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS
to be held on [ ], 2007

The 2007 annual meeting of stockholders of Ceridian Corporation will be held on [ ], 2007 at [ ] a.m., local time, at [ ]. The purposes of the annual meeting are to:

1. consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 30, 2007, by and among Ceridian Corporation (Ceridian or the Company), Foundation Holdings, Inc. (Parent) and Foundation Merger Sub, Inc. (Merger Sub), as it may be amended from time to time (the merger agreement), and approve the merger contemplated by that agreement;

2. elect seven directors to serve on the board of directors of Ceridian until their successors are duly elected and qualified;

3. consider and vote upon a proposal to ratify the Audit Committee s appointment of KPMG LLP as our independent registered public accounting firm;

4. approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to adopt the merger agreement and approve the merger or ratify the Audit Committee s appointment of KPMG; and

5. transact any other business properly coming before the annual meeting.

The board of directors has fixed the close of business on **[ ]**, 2007 as the record date for the purpose of determining stockholders who are entitled to notice and vote at the annual meeting and any adjournments thereof. Stockholders are entitled to one vote for each share of Ceridian common stock held of record as of the record date. A list of Ceridian stockholders of record as of **[ ]** will be available for inspection during ordinary business hours at Ceridian s headquarters located at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425, from **[ ]** up to and on the date of the annual meeting.

Please remember that your shares cannot be voted unless you cast your vote by one of the following methods: (1) sign and return a proxy card; (2) call the toll-free number listed on the proxy card; (3) vote by Internet as indicated on the proxy card; or (4) vote in person at the annual meeting.

You should NOT send documents representing Ceridian common stock with the proxy card. Assuming the merger agreement is approved, you will receive instructions on how to surrender your Ceridian common stock from the paying agent after the merger.

Please retain the bottom of the WHITE proxy card as your admission ticket. One ticket will permit two persons to attend. If your shares are held through a broker, contact your broker and request that the broker provide you with evidence of share ownership. This documentation, when presented at the registration desk at the annual meeting, will enable you to attend the annual meeting.

Even if you plan to attend the annual meeting, please mark, sign, date and return the enclosed WHITE proxy card in the enclosed postage-paid envelope. You may also vote by Internet using the Internet address on the WHITE proxy card or by telephone using the toll-free number on the WHITE proxy card. If you are the record holder of your shares of Company common stock (or, in the case of voting in person at the annual meeting, holding a legal proxy from the record holder), you may revoke a previously given proxy at any time before it is voted in any one of the following ways: (1) by notifying our Corporate Secretary, in writing, at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425, (2) by attending the annual meeting and voting in person (your attendance at the annual meeting will not, by itself, revoke your proxy, you must vote in person at the annual meeting), (3) by submitting a later-dated proxy card, or (4) if you voted by telephone or by Internet, by voting a second time by telephone or by Internet. Any notice to our Corporate Secretary or later-dated proxy card must be received by the Corporate Secretary prior to the annual meeting. If your shares are held in street name and you have instructed a broker, bank or other nominee to vote your shares of Company s common stock, you may revoke those instructions by following the directions received from your broker, bank or other nominee to change those instructions.

[ ], 2007

BY ORDER OF THE BOARD OF DIRECTORS

Gary M. Nelson
Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary

YOUR VOTE IS EXTREMELY IMPORTANT THIS YEAR IN LIGHT OF THE MERGER AND THE PROXY CONTEST THAT MAY BE CONDUCTED BY PERSHING SQUARE.

See the question and answer section for information on how to vote by proxy card, how to revoke a proxy, and how to vote shares in person, by telephone, by Internet or at the annual meeting.

If you have any questions about the merger or the other proposals to be voted on at the annual meeting, please contact our Corporate Secretary s office at (952) 548-8333. If you have any questions about your voting of shares, please contact the Ceridian proxy solicitor, MacKenzie Partners, Inc., toll free at (800) 322-2885 or by e-mail at *proxy@mackenziepartners.com*.

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE 2007 ANNUAL MEETING	Q-1
SUMMARY TERM SHEET	1
THE ANNUAL MEETING	6
Date, Time, Place and Purposes	6
How to Vote	6
Number of Shares Outstanding	6
Quorum Requirement	6
Vote Required	6
Revoking Your Proxy	7
Voting by Participants in Our Benefit Plans	7
Confidential Voting	7
Householding of Annual Meeting Materials	8
Expenses of Solicitation	8
Other Business	8
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	9
PROPOSAL 1:	11
THE MERGER	
Background of the Merger	11
Reasons for the Merger; Recommendation of the Board of Directors	16
Opinion of Financial Advisor	18
Interests of Certain Persons in the Merger	29
Financing	31
Limited Guarantee	33
Regulatory and Other Governmental Approvals	33
Financial Projections	35
United States Federal Income Tax Consequences	37
Litigation	39
Appraisal Rights	39
THE MERGER AGREEMENT	40
Effective Time; Structure	40
Treatment of Ceridian Common Stock	40
Treatment of Merger Sub Common Stock	40
Representations and Warranties	40
Conduct of Business Pending the Merger	43
No Solicitation of Transactions	45
Stockholders Meeting	47
Equity Awards	47
Employee Benefits	48
Indemnification and Insurance	48
Agreement to Take Further Action and to Use All Reasonable Best Efforts	49
Financing Commitments; Company Cooperation	49
Other Covenants and Agreements	50

Conditions to the Merger	50
Termination	51
Termination Fees	52
Amendment and Waiver	53
MARKET PRICES OF THE COMPANY COMMON STOCK	54
APPRAISAL RIGHTS	55
PROPOSAL 2: ELECTION OF DIRECTORS	58
Election of Directors	58
Corporate Governance	60
Meetings of the Board of Directors and Committees of the Board	63
Share Ownership Information	66
Certain Relationships and Transactions with Related Person	69
Report of Audit Committee	70
Independent Registered Public Accounting Firm Fees	71
Audit Fees	71
Equity Compensation Plan Information	72
Compensation Discussion and Analysis	73
Compensation Committee Report	83
Compensation Committee Interlocks and Insider Participation	84
Executive Compensation	84
Director Compensation	105
Communication with Directors	109
Section 16(a) Beneficial Ownership Reporting Compliance	109
Annual Report on Form 10-K	109
PROPOSAL 3: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	110
OTHER MATTERS	110
STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2008 ANNUAL MEETING	110
Stockholder Proposals	110
Director Nominations	110
WHERE YOU CAN FIND MORE INFORMATION	112

ANNEX A:	Agreement and Plan of Merger
ANNEX B:	Opinion of Greenhill & Co., LLC
ANNEX C:	Information Regarding Participants
ANNEX D:	Delaware General Corporation Law §262
ANNEX E:	Charter of the Audit Committee

QUESTIONS AND ANSWERS ABOUT THE 2007 ANNUAL MEETING

The following are some questions that you may have regarding the annual meeting and answers to those questions. We encourage you to read carefully the remainder of this proxy statement because the information in this section does not provide all the information that might be important to you with respect to the annual meeting. Additional important information is also contained in the annexes to, and the documents that we incorporate by reference into, this proxy statement.

Q: When and where is the meeting?

A: We will hold the meeting at [ ] a.m. Central Time on [ ], at [ ].

Q: What will I be voting on?

A: There are four proposals that we expect to ask you to vote on at the annual meeting:

- adoption of the merger agreement and approval of the merger;
- election of seven directors to serve on the board of directors of Ceridian until their successors are duly elected and qualified;
- ratification of the Audit Committee s appointment of KPMG LLP (KPMG) as our independent registered public accounting firm; and
- approval of the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies.

At the date this proxy statement went to press, we were not aware of any additional matters to be raised at the annual meeting.

Q: How does the board of directors recommend that I vote?

A: The board unanimously recommends that you vote **FOR** the merger agreement and the merger, **FOR** each of the board s seven nominees for director, and **FOR** each of the other proposals.

You should read The Merger Reasons for the Merger; Recommendation of the Board of Directors for a discussion of the factors that the board considered in deciding to recommend the adoption of the merger agreement and approval of the merger.

Q: Will there be a proxy contest for the election of directors at the annual meeting?

A: Pershing Square has announced an intention to nominate an alternative slate of directors at this year s annual meeting. We believe the current board has acted responsibly and in the best interests of stockholders in evaluating strategic alternatives and approving the merger agreement and that the board s nominees should be reelected.

Q: What will happen if following the election the board s nominees do not form a majority of the elected board of directors?

A: If following the election the board s nominees do not form a majority of the elected board of directors, then:

- the new board will be free to effect a Change in Recommendation as defined in the merger agreement and if it does so within 10 days following its election, the Company will not be obligated to pay the $165 million termination fee by reason of the Change in Recommendation (provided, however, such fee may be payable as provided in the following bullet point); and
- Parent and Merger Sub will have the right to (1) terminate the merger agreement and not proceed with the merger, (2) receive up to $20 million to compensate them for expenses and related costs, and (3) if certain alternative transactions involving a sale of stock or assets is agreed to by Ceridian within one year of such termination, receive a fee equal to $165 million less any amounts received under clause (2);

- each unvested option, restricted stock unit, share of restricted stock and other equity award issued under the Company s equity

Q-1

incentive plans will immediately vest, allowing the participants in these plans to immediately recognize the value of these options, share units, shares and other equity awards, as applicable; and a change of control under the executive officers employment agreements and the Company s change in control severance policy will be deemed to have occurred so that any subsequent (within two years of the election of the new directors) termination of such employees without cause or, for senior managers, any termination by such employees with good reason will entitle such employees to change in control severance payments.

Q: Who is entitled to vote?

A: You are entitled to vote at the annual meeting if our records on [ ] (the record date) showed that you owned the Company s common stock (Ceridian common stock or common stock). As of the record date, there were [ ] shares of common stock issued and outstanding.

Q: How many votes is each share entitled to?

A: Each share of common stock has one vote. The enclosed WHITE proxy card shows the number of shares that you are entitled to vote.

Q: How many votes are needed to approve each item?

A: The favorable vote of a majority of the outstanding shares of common stock is required to approve the merger agreement.

The seven director nominees receiving the highest numbers of votes cast will be elected to the board.

The favorable vote of a majority of votes cast at the annual meeting, if a quorum is present, is required to ratify the appointment of KPMG as our independent registered public accounting firm.

The favorable vote of a majority of votes cast at the annual meeting, if a quorum is present, is required to approve the proposal to adjourn the annual meeting, if necessary or appropriate, for the purpose of soliciting additional proxies.

Q: What should I do now?

A: Please vote your shares by completing, signing, dating and returning the enclosed WHITE proxy card or by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card. If you have Internet access, we encourage you to record your vote by Internet. DO NOT return any stock certificates with your proxy.

Q: How do proxies work?

A: The board of directors is asking for your proxy. Giving us your proxy means that you authorize us to vote your shares at the annual meeting in the manner you direct.

You may vote for all, some, or none of our director nominees. You may vote for or against the merger agreement or abstain from voting. However, a failure to vote on the merger agreement or an abstention on the merger agreement will have the same effect as a vote against.

You may also vote for or against the other items or abstain from voting on them.

If you sign and return the enclosed WHITE proxy card but do not specify how to vote, we will vote your shares FOR the proposal to adopt the merger agreement and approve the merger, FOR our director nominees, FOR the ratification of the selection of KPMG as our independent registered public accounting firm, FOR any adjournment proposal, and at the proxy holders discretion as to any other matters properly brought before the annual meeting.

Q: What does it mean if I receive more than one WHITE proxy card?

A: If you hold your shares in multiple registrations, or in both registered and street name, you will receive a WHITE proxy card

Q-2

---

for each account. Please sign, date and return all WHITE proxy cards you receive. If you choose to vote by phone or by Internet, please vote each proxy card you receive. Only your latest dated proxy for **each** account will be voted.

If Pershing Square proceeds with its previously announced proxy contest, you may also receive an opposition proxy statement and [color] proxy card from Pershing Square. In this event, to ensure stockholders have our latest proxy information and materials to vote, we will conduct multiple mailings prior to the annual meeting date. We will send you a new WHITE proxy card with each mailing regardless of whether you have previously voted. The latest dated proxy card you submit will be counted.

To vote as the board of directors recommends, stockholders must use the WHITE proxy card. Voting against any Pershing Square nominees on the [color] proxy card will not be counted as a vote for the board s nominees and can result in the revocation of any previous vote you may have cast on the WHITE proxy card. If you wish to vote pursuant to the recommendation of the board of directors, you should disregard any proxy card you receive other than the WHITE proxy card.

If you have voted using a [color] proxy card, you have every right to change your vote by executing the WHITE proxy card. Only the latest dated proxy card you submit will be counted.

Q: Will my shares be voted if I do not sign and return my proxy card?

A: They could be on some matters, but not for the merger agreement or the election of directors because they are not routine matters. If your shares are held in street name and you do not instruct your broker or other nominee how to vote your shares, your broker or other nominee would not be able to vote on such matters. If your shares are held in street name, your broker, bank or nominee will include a voting instruction card with this proxy statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction card. Please return your WHITE proxy card to your nominee and contact the person responsible for your account to ensure that a WHITE proxy card is voted on your behalf.

Q: Can I change my vote?

A: If you are a stockholder of record (or, in the case of voting in person at the annual meeting, holding a legal proxy from the stockholder of record) you may revoke a previously given proxy at any time before it is voted in any one of the following ways:

- by notifying our Corporate Secretary, in writing, at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425;
- by attending the annual meeting and voting in person (your attendance at the annual meeting will not, by itself, revoke your proxy; you must vote in person at the annual meeting);
- by submitting a later-dated proxy card; or
- if you voted by telephone or by Internet, by voting a second time by telephone or by Internet.

If your shares are held in street name and you have instructed a broker, bank or other nominee to vote your shares of the Company s common stock, you may revoke those instructions by following the directions received from your broker, bank or other nominee to change those instructions.

If you have previously signed a [color] proxy card sent to you by Pershing Square, you may change your vote by marking, signing, dating, and returning the enclosed WHITE proxy card in the accompanying postage-paid envelope.

Q: What is a quorum?

A: A quorum is the number of shares that must be present, in person or by proxy, in order for

Q-3

---

business to be transacted at the annual meeting. At least a majority of the outstanding shares eligible to vote must be represented at the annual meeting, either in person or by proxy, in order to transact business.

Q: Who will tabulate the votes?

A: A representative from [ ] will tabulate the votes and a representative of [ ] will act as inspector of election.

Votes cast by proxy or in person at the annual meeting will be tabulated by the inspector of election. The inspector will also determine whether a quorum is present at the annual meeting.

Q: How will shares in the Company s employee benefit plans be voted?

A: Shares held in our benefit plans that are entitled to vote will be voted by the plan trustees pursuant to your instructions. Shares held in any employee benefit plan that you are entitled to vote, but do not vote, will be voted by the plan trustees in proportion to the voting instructions received for other shares. You must instruct the plan trustees to vote your shares by utilizing one of the voting methods described above.

Q: How do the Company s directors and executive officers plan to vote?

A: To the best of our knowledge, all of our directors and executive officers intend to vote all of their shares in favor of the proposal to adopt the merger agreement and approve the merger, our director nominees, the ratification of the selection of KPMG, and the adjournment proposal. As of the record date, our directors and executive officers held less than [ ]% in the aggregate of the shares of Company common stock entitled to vote at the annual meeting.

Q: Who pays the solicitation expenses for this proxy statement and related Company materials?

A: The Company does. In addition to sending you these materials, some of our directors and officers as well as management and non-management employees may contact you by telephone, mail, e-mail or in person. You may also be solicited by means of press releases issued by Ceridian, postings on our website, *www.ceridian.com*, and advertisements in periodicals. None of our officers or employees will receive any extra compensation for soliciting you. We have retained MacKenzie Partners, Inc. to assist us in soliciting your proxy for an estimated fee of $ [ ] plus reasonable out-of-pocket expenses.

MacKenzie Partners expects that approximately [ ] of its employees will assist in the solicitation. MacKenzie Partners will ask brokerage houses and other custodians and nominees whether other persons are beneficial owners of Ceridian common stock. If so, we will reimburse banks, nominees, fiduciaries, brokers and other custodians for their costs of sending the proxy materials to the beneficial owners of Ceridian common stock.

Our expenses related to the solicitation in excess of those normally spent for an annual meeting as a result of the potential proxy contest and excluding salaries and wages of our regular employees and officers are expected to be approximately $[ ], of which approximately $[ ] has been spent to date. Annex C sets forth information relating to Ceridian s director nominees as well as certain directors, officers and employees of Ceridian, Parent, THL Partners and FNF who may be considered participants in our solicitation under the rules of the SEC by reason of their position as directors or director nominees of Ceridian or because they may be soliciting proxies on our behalf.

Q-4

Q: How do abstentions and broker non-votes count for voting purposes?

A: Only votes for or against a proposal count. Abstentions and broker non-votes count for quorum purposes but not for voting purposes and are not considered to be votes cast. Because approval of the merger agreement requires the favorable vote of a majority of the outstanding shares, an abstention or failure to vote on the merger agreement will have the same effect as a vote against.

Q: How do I nominate a director or bring other business before the 2008 annual meeting?

A: If we complete the merger, we do not expect to hold an annual meeting in 2008.

If we hold an annual meeting in 2008, our bylaws prescribe the procedures stockholders must follow to nominate directors or to bring other business before the meeting. To nominate a candidate for director at the 2008 annual meeting, if held, your notice of the nomination must be received by us between [ ] and [ ]. The notice must describe various matters regarding the nominee as prescribed by our bylaws, including name, address, occupation and shares held. To bring other matters before the 2008 meeting, if held, notice of your proposal must also be received by us within the time limits described above and must meet our bylaw requirements. In addition, to include a proposal in the Company s proxy statement and proxy for that meeting, your notice and proposal must also comply with the requirements of Rule 14a-8 of the Exchange Act. Copies of our bylaws may be obtained free of charge from the Corporate Secretary.

Q: How do I obtain a copy of the Company s materials related to corporate governance?

A: Our Corporate Governance Policies and Guidelines, charters of each standing board committee, Code of Conduct, Criteria for Nomination to the Board, and other materials related to our corporate governance can be found on the Corporate Governance section of our website at *www.ceridian.com*. In addition, this information is available in print free of charge to any stockholder who requests it by contacting the Corporate Secretary at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425.

Q: Do I need a ticket to attend the annual meeting?

A: Yes. Retain the bottom of the WHITE proxy card as your admission ticket. One ticket will permit two persons to attend. If your shares are held through a broker, contact your broker and request that the broker provide you with evidence of share ownership. This documentation, when presented at the registration desk at the annual meeting, will enable you to attend the annual meeting.

Q: Who can help answer my other questions?

A: If you have additional questions about the annual meeting, need assistance in submitting your proxy or voting your shares of common stock, or need additional copies of the proxy statement or the enclosed proxy card, please call our Corporate Secretary s office at (952) 548-8333 or MacKenzie Partners, our proxy solicitor, toll-free at (800) 322-2885 (banks and brokerage firms call collect at (212) 929-5500).

SUMMARY TERM SHEET

For your convenience, the following summary highlights selected information in this proxy statement, particularly with respect to the merger, but may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents we refer to or incorporate by reference in this proxy statement. Each item in this summary includes a page reference, where applicable, directing you to a more complete description of that topic. See Where You Can Find More Information beginning on page 112.

The Parties to the Merger

Ceridian Corporation is a leading provider of human resources, transportation and retail information management services, serving businesses and employees in the U.S., Canada and Europe. Ceridian operates through two principal divisions, Human Resource Solutions (HRS) and Comdata. HRS offers a broad range of human resource outsourcing solutions, including payroll processing, tax filing, benefits administration, work-life and employee advisory programs and other HR-related services. HRS serves 25 million employees and 110,000 companies in 38 countries worldwide, including a majority of the Fortune 500. Ceridian s Comdata division is a major payment processor and issuer of credit, debit and stored value cards, primarily for the trucking and retail industries in the U.S. The address of Ceridian s principal executive offices is 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425.

Foundation Holdings, Inc., or Parent, is a newly formed Delaware corporation. Parent was formed solely for the purpose of effecting the merger and the transactions related to the merger. Parent has not engaged in any business except activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Parent is owned 50% by investment vehicles affiliated with Thomas H. Lee Partners, L.P. (THL Partners), and 50% by Fidelity National Financial, Inc. (FNF) and following the merger will be wholly owned by THL Partners, FNF and their coinvestors. Parent s address is c/o Thomas H. Lee Partners, L.P., 100 Federal Street, 35th Floor, Boston, Massachusetts 02110.

Foundation Merger Sub, Inc., or Merger Sub, is a newly formed Delaware corporation and a wholly owned subsidiary of Parent that was formed solely for the purpose of completing the merger. Merger Sub has not engaged in any business except activities incidental to its organization and in connection with the transactions contemplated by the merger agreement. Merger Sub has the same address as Parent.

The Merger (Page 11)

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger and following the merger will continue to do business as Ceridian Corporation. We refer to the Company after the completion of the merger as the surviving corporation. In the merger, each outstanding share of our common stock (other than shares we hold as treasury stock or owned by Parent or Merger Sub and shares held by stockholders who have properly demanded statutory appraisal rights), will be converted into the right to receive $36.00 in cash, without interest and less any applicable withholding taxes. We refer to this amount as the merger consideration. Prior to completion of the merger, we will not pay dividends on our common stock.

Effects of the Merger (Page 40)

If we complete the merger, you will be entitled to receive $36.00 in cash, without interest and less any applicable withholding taxes, for each share of our common stock that you own, unless you have exercised your statutory appraisal rights with respect to the merger. You will not own any shares of the surviving corporation and you will no longer have any interest in our future earnings or growth. As a result of the merger, we will cease to be a publicly traded company and will be

wholly owned by Parent. Following completion of the merger, we will terminate the registration of our common stock and our reporting obligations under the Securities Exchange Act of 1934.

Recommendation of Our Board of Directors on the Merger (Page 16)

The board of directors has unanimously (1) determined that the merger agreement, including the merger and the other transactions contemplated by the merger agreement, is fair to, advisable and in the best interests of the Company and its unaffiliated stockholders, (2) approved the merger agreement and the merger, and (3) determined to recommend that the Company s stockholders vote in favor of adoption of the merger agreement. **Accordingly, the board unanimously recommends that you vote FOR adoption of the merger agreement and approval of the merger.**

You should read The Merger Reasons for the Merger; Recommendation of the Board of Directors for a discussion of the factors that the board considered in deciding to recommend the adoption of the merger agreement and approval of the merger.

Opinion of Financial Advisor (Page 18)

In connection with the merger agreement, on May 30, 2007, Greenhill & Co., LLC (Greenhill), financial advisor to the Company, delivered to our board its oral opinion, which was subsequently confirmed by the delivery of a written opinion of the same date, to the effect that as of May 30, 2007, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in such opinion, the merger consideration to be received by the holders of shares of Ceridian common stock (other than affiliates of, or holders of beneficial interests in, Parent or Merger Sub), as provided for in the merger agreement, was fair, from a financial point of view, to such holders.

We have attached the full text of Greenhill s written opinion, dated May 30, 2007, to this proxy statement as Annex B. We encourage you to read this opinion carefully and in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken and the opinion expressed. The opinion of Greenhill was provided to our board in connection with its consideration of the merger, was directed only to the fairness of the merger consideration from a financial point of view, does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger or any matters relating to the merger.

Interests of the Company s Directors and Executive Officers in the Merger (Page 29)

In considering the recommendation of the board, you should be aware that our directors and executive officers may have interests in the merger that are different from, or in addition to, your interests as a stockholder, that may present actual or potential conflicts of interest. These interests include the vesting and cash-out of all equity awards, continued indemnification and insurance coverage under the merger agreement, and for the executive officers but not the other directors, severance agreements, potential future compensation arrangements and potential equity ownership or other opportunities to invest in Parent or its affiliates following completion of the merger (though such compensation and equity investment arrangements were not discussed until shortly before the merger agreement was executed and were not finalized as of the date of the merger agreement or as of the date of this proxy statement).

Treatment of Options and Other Awards (Page 40)

- *Stock Options.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each outstanding option to acquire the Company s common stock, whether or not vested, that remains outstanding as of the closing of the merger will be cancelled and converted into the right to receive a cash payment equal to the number of shares of the Company s common stock underlying the option multiplied by the

amount (if any) by which $36.00 exceeds the applicable exercise price of the option, less any applicable withholding taxes.

- *Restricted Stock Units.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each restricted stock unit will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

- *Deferred Stock Units.* Upon the completion of the merger, all amounts held in participant accounts under the deferred compensation plans that are denominated in the Company s common stock will be converted into the right to receive a cash payment equal to the number of shares of the Company s common stock deemed held in such accounts multiplied by $36.00, less any applicable withholding taxes. This amount will be payable or distributable in accordance with the terms of our deferred compensation plans.

- *Restricted Stock.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each share of restricted stock will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

Financing (Page 31)

In connection with the merger, Merger Sub has obtained debt commitments from certain lenders to provide up to $3.7 billion in debt financing, including senior secured terms and revolving credit facilities, and, at Merger Sub s option, bridge facilities or cash proceeds from the issuance of notes in a public offering or private placement. The revolving credit facility, which is in the amount of up to $300 million, is not expected to be drawn at the closing.

In addition, Parent has received equity commitment letters from FNF and an affiliate of THL Partners, pursuant to which, subject to the conditions contained therein, they have agreed to make or cause to be made a cash capital contribution to Parent of up to $1.8 billion in the aggregate (consisting of $900 million each).

The merger agreement provides Parent and Merger Sub with a marketing period of up to 30 business days to market the debt securities to be issued in connection with the financing. This marketing period will commence after other conditions to the merger are met and we have provided financial and other information to be used by Parent and Merger Sub in marketing such debt securities. As described under The Merger Agreement Effective Time; Structure, this period may extend the period of time necessary for completion of the merger.

Antitrust and Other Regulatory Approvals (Page 33)

We have agreed to use our reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and the rules promulgated thereunder by the Federal Trade Commission (the FTC), the merger may not be completed until notification and report forms have been filed with the FTC and the Antitrust Division of the Department of Justice (the DOJ), and applicable waiting periods have expired or been terminated. The Company and Parent have filed notification and report forms under the HSR Act with the FTC and the Antitrust Division of the DOJ as of June 14, 2007.

We have also filed or intend to file other regulatory filings, including:

- a competition related filing in Germany; and

- filings in connection with the licenses that Comdata Network, Inc. or one or more of its affiliates hold as money transmitters, sellers of checks and/or payroll processors.

U.S. Federal Income Tax Consequences (Page 37)

The exchange of shares of our common stock for cash pursuant to the merger agreement generally will be a taxable transaction to U.S. holders for U.S. federal income tax purposes. U.S. holders who exchange their shares of our common stock in the merger will generally recognize capital gain or loss in an amount equal

-3-

---

to the difference, if any, between the cash received in the merger and their adjusted tax basis in their shares of our common stock. You should consult your own tax advisor for a complete analysis of the effect of the merger for federal, state, local and foreign tax purposes.

Conditions to the Merger (Page 50)

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of specified conditions, including stockholder and regulatory approval.

Restrictions on Solicitation of Other Offers (Page 45)

We have agreed not to take certain actions that would solicit or encourage an alternative proposal to the merger. However, under certain circumstances, and in furtherance of our fiduciary duties under Delaware law, we may respond to an unsolicited alternative proposal. We have also agreed not to withdraw or modify the approval by our board of the merger or the merger agreement, or propose publicly to do so, or to approve or propose publicly to approve any alternative proposal, except, under certain circumstances, if our board determines that failure to take the foregoing actions would be inconsistent with the exercise of its fiduciary duties. We describe these provisions in more detail under The Merger Agreement No Solicitation of Transactions beginning on page 45.

Termination (Page 51)

The merger agreement may be terminated by mutual agreement of the Company and Parent. In addition, the merger agreement may be terminated by either the Company or Parent, under certain circumstances, if the merger has not occurred by the end date (as defined in the merger agreement), if any final and non-appealable injunction or order permanently prohibits the consummation of the merger, or if stockholder approval has not been obtained at the stockholder meeting.

In addition, the merger agreement may be terminated by the Company, under certain circumstances: (1) if Parent breaches or fails to perform in any material respect under the merger agreement, which breach or failure to perform would result in a failure of a mutual condition or a condition of the Company s obligation to consummate the merger and cannot be cured by the end date; (2) prior to stockholder approval, in order to accept a Superior Proposal (as defined in the merger agreement); or (3) if the merger has not been consummated on a timely basis in accordance with the merger agreement because Parent and Merger Sub have failed to obtain the financing for the merger.

Additionally, the merger agreement may be terminated by Parent, under certain circumstances: (1) if the stockholder meeting has not concluded prior to the end date; (2) if the Company breaches or fails to perform in any material respect under the merger agreement, which breach or failure to perform would result in a failure of a mutual condition or a condition of the obligation of Parent and Merger Sub to consummate the merger and cannot be cured by the end date; (3) if prior to the stockholder approval, the board has effected a change of recommendation under the merger agreement; (4) if following the date of the merger agreement, a majority of the incumbent board is voted out of office; or (5) if any rights (as defined in the Company s stockholder rights plan) have been exercised to purchase Series A Junior Participating Preferred Stock of the Company or common stock of the Company.

Termination Fees (Page 52)

The merger agreement provides that if it is terminated under specified circumstances, the Company will be required to pay Parent up to $20 million to compensate Parent and its affiliates for expenses and related costs and, under more limited circumstances, to pay Parent a termination fee of $165 million (less any reimbursement of expenses previously paid).

In addition, if the merger agreement is terminated under specified circumstances in connection with material breaches by Parent, including the failure to obtain financing, Parent

will be required to pay the Company a termination fee of $165 million.

Limitation on Liability (Page 52)

Apart from the specific performance entitlement described below, our sole and exclusive remedy with respect to any breach of the merger agreement will be the termination of the merger agreement in accordance with its terms and payment by Parent of the $165 million termination fee, if applicable.

Specific Performance (Page 53)

The Company, Parent and Merger Sub are each entitled to seek an injunction or injunctions to prevent breaches of the merger agreement or to enforce specifically the performance of the terms and provisions of the merger agreement in the Delaware courts.

Limited Guarantees (Page 33)

In connection with the merger agreement, FNF and an affiliate of THL Partners (the Guarantors) have each entered into a limited guarantee with us, under which the Guarantors have each guaranteed payment of one-half of the $165 million termination fee that may become payable by Parent.

Appraisal Rights (Page 55)

Under Delaware law, holders of our common stock who do not vote in favor of approving and adopting the merger agreement will have the right to seek appraisal of the fair value of their shares of our common stock as determined by the Delaware Court of Chancery if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the merger consideration. Any holder of our common stock intending to exercise such holder s appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the approval and adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of approval and adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights.

Market Price of Common Stock (Page 54)

The value offered in the merger of $36.00 per share represents a premium of approximately 5% to our common stock closing price of $34.19 on the New York Stock Exchange (the NYSE) on May 30, 2007, the last trading day before the Company announced the merger agreement; approximately 17% to our common stock closing price of $30.72 per share on February 12, 2007, the last trading day prior to the public announcement that the Company had commenced the exploration of strategic alternatives; and approximately 56% to our common stock closing price of $23.13 on October 6, 2006, the date Pershing Square began to purchase shares of Ceridian common stock. The closing sale price of our common stock on the NYSE on [ ], 2007, the last trading day prior to printing this proxy statement, was $[ ] per share. We encourage you to obtain the current trading prices for our common stock.

THE ANNUAL MEETING

Date, Time, Place and Purposes

We will hold the annual meeting on [_____________________], 2007 at [   ] a.m., local time, at [____________________], for the purposes set forth in the Notice of Meeting.

How to Vote

YOUR VOTE IS VERY IMPORTANT!

- **Voting by Mail.** We have enclosed a WHITE proxy card for your use. Whether or not you expect to attend the annual meeting, please sign, date and mail the WHITE proxy card promptly in the enclosed postage paid envelope.

- **Voting by Telephone or by Internet.** If you wish to vote by telephone or by Internet, please follow the instructions on the enclosed WHITE proxy card. If you vote by telephone or by Internet, please do not return your proxy by mail.

The board unanimously recommends you vote FOR each of the proposals set forth in the Notice of Meeting and all of the nominees for director listed in this proxy statement.

Number of Shares Outstanding

Holders of record of Ceridian common stock are entitled to one vote for each share held. As of the record date, there were [_________________] shares of our common stock outstanding and eligible to vote at the annual meeting.

Quorum Requirement

The presence at the annual meeting, in person or by proxy, of a majority of shares of our common stock issued and outstanding and eligible to vote will constitute a quorum for the transaction of business at the annual meeting. As of the record date, the presence of holders of common stock representing at least [_____________] votes will be required to establish a quorum. In general, shares of common stock either represented by a properly signed and returned proxy card or properly voted by telephone or by Internet will be counted as shares present and entitled to vote at the annual meeting for purposes of determining a quorum. Proxies received but marked as abstentions (or withhold authority with respect to one or more directors) and broker non-votes will be included in the calculation of the number of votes considered to be present at the annual meeting for purposes of determining a quorum.

Vote Required

Signed WHITE proxy cards for shares not held in street name with a broker or other nominee that lack any specification will be voted in favor of the proposals set forth in the Notice of Meeting and in favor of the election of all nominees for directors listed in this proxy statement.

Proposal 1: The Merger. Approval of the proposal to adopt the merger agreement and approve the merger requires the affirmative vote of the holders of a majority of the outstanding shares of the Company s common stock.

Proposal 2: Election of Directors. The seven director nominees receiving the highest number of votes will be elected. Stockholders who do not wish their shares to be voted for a particular nominee may withhold their vote on the proxy card or by following the telephone and Internet instructions. Shares represented by a properly executed proxy marked withhold authority with respect to one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining a quorum.

Proposal 3: Ratification of KPMG Appointment. Approval of the proposal to ratify the appointment of KPMG will require the affirmative vote of a majority of all votes cast by the holders of common stock at a meeting at which a quorum is present.

Proposal 4: Adjournment. Approval of the proposal to adjourn the annual meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of a majority of the Company s common stock represented in person or by proxy at the annual meeting and entitled to vote on the matter, whether or not a quorum is present.

A proxy marked abstain will have the effect of a vote against any of the above proposals. If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to Proposals 1 and 2. Thus, if you do not give your broker or nominee specific instructions, your shares will be deemed not entitled to vote on Proposals 1 and 2.

Revoking Your Proxy

If you are the record holder of your shares of Company common stock (or, in the case of voting in person at the annual meeting, holding a legal proxy from the record holder), you may revoke a previously given proxy at any time before it is voted in any one of the following ways: (1) by notifying our Corporate Secretary, in writing, at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425, (2) by attending the annual meeting and voting in person (your attendance at the annual meeting will not, by itself, revoke your proxy, you must vote in person at the annual meeting), (3) by submitting a later-dated proxy card, or (4) if you voted by telephone or by Internet, by voting a second time by telephone or by Internet. Any notice to our Corporate Secretary or later-dated proxy card must be received by the Corporate Secretary prior to the annual meeting. If your shares are held in street name and you have instructed a broker, bank or other nominee to vote your shares of Company s common stock, you may revoke those instructions by following the directions received from your broker, bank or other nominee to change those instructions. If you have previously signed a [color] proxy card sent to you by Pershing Square, you may change your vote by marking, signing, dating, and returning the enclosed WHITE proxy card in the accompanying postage-paid envelope.

Voting by Participants in Our Benefit Plans

If you own shares of our common stock as a participant in one or more of our employee benefit plans, you will receive a single WHITE proxy card that covers both the shares credited to your name in your plan account(s) and any shares you own registered in your name. If any of your plan accounts are not in the same name as your registered shares, you will receive separate proxy cards for your registered and plan holdings. Proxies submitted by participants in our 401(k) plans will serve as voting instructions to the trustees for the plans whether provided by mail, telephone or Internet. In the absence of voting instructions for participants in the 401(k) plans, the trustees of the plans will vote the undirected shares in the same proportion as the directed shares.

Confidential Voting

We have a policy that if a stockholder requests, the stockholder s vote on directors in a non-contested election would be kept confidential prior to the final tabulation of the vote at the stockholders meeting. There are exceptions to this policy, however, including pursuant to applicable legal requirements. Because at this year s annual meeting the election of director may be contested, the confidential voting policy may not apply. In an election of directors to which our confidential policy did apply, access to proxies and individual stockholder voting records is limited to our independent election inspector ([ ]), who may inform us at any time whether or not a particular stockholder has voted unless the stockholder has requested that their vote be kept confidential.

Householding of Annual Meeting Materials

Companies are permitted to send a single set of annual reports and proxy statements to any household at which two or more stockholders reside if they believe the stockholders are members of the same family and they have consented. Each stockholder continues to receive a separate proxy card in the mailing. This procedure, referred to as householding, may reduce the volume of duplicate information stockholders receive and reduce a company s expenses.

Each year we discuss the householding of all of our relevant record holder accounts with our transfer agent, The Bank of New York. Based upon our most recent review of the costs and benefits of this process with our transfer agent, we have decided that it would not be cost effective to implement householding for our record holders at this time. However, a number of brokerage firms have instituted householding. If your family has multiple Ceridian accounts, you may have received householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this proxy statement or our 2006 Annual Report, or wish to revoke your decision to household, and thereby receive multiple reports. These options are available to you at any time.

Expenses of Solicitation

This solicitation of proxies is being made by Ceridian and we pay the cost of soliciting proxies. We also arrange with brokerage houses, custodians, nominees and other fiduciaries to send proxy material to their principals, and we reimburse them for their expenses. In addition to solicitation by mail, proxies may be solicited by our employees, by telephone or personally. No additional compensation will be paid for such employee solicitation. We have also retained MacKenzie Partners, Inc. to assist with the solicitation of proxies for a fee estimated to not exceed $[ ], plus out-of-pocket expenses.

Other Business

The board knows of no other matters to be presented for stockholder action at the annual meeting. If other matters are properly brought before the annual meeting, the authorized persons named in the accompanying WHITE proxy card intend to vote the shares represented by them in accordance with their best judgment.

THIS YEAR S ANNUAL MEETING WILL BE PARTICULARLY SIGNIFICANT AND YOUR VOTE IS EXTREMELY IMPORTANT.

In order to complete the merger, a majority of the outstanding shares of Ceridian common stock entitled to vote must adopt the merger agreement and approve the merger. As a result, if you fail to vote on the merger agreement, it will have the same effect as a vote against the merger. In addition, Pershing Square has announced an intention to nominate an alternative slate of directors at this year s annual meeting. We believe the current board has acted responsibly and in the best interests of stockholders in evaluating strategic alternatives and approving the merger agreement.

For these reasons and the other reasons set forth in the proxy statement, we encourage you to vote in favor of the merger, in favor of your board s nominees and in favor of the other proposals to be considered at the annual meeting as soon as possible either by marking, signing, dating and returning the enclosed WHITE proxy card in the postage-paid envelope or by telephone or by Internet, whether or not you plan to attend the annual meeting. Instructions are on the WHITE proxy card.

-8-

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Summary Term Sheet, The Merger and in statements containing the words believes, plans, expects, anticipates, intends, estimates or other similar expressions. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to publicly update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this proxy statement, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against the Company and others relating to the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure of the merger to be completed for any other reason;
- the risk that the proposed transaction disrupts current plans and operations and/or results in difficulties in employee retention;
- the effect of the announcement of the merger on our customer relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger;
- changes in the regulatory landscape affecting our business operations and asset mix;
- the impact of events beyond our control;
- our ability to attract and retain qualified management and personnel;
- potential claims and other liabilities that may be asserted against the Company;
- fluctuations in the market value of our common stock;
- our borrowing costs increasing due to increased debt;
- any downgrade in the Ceridian client funds trust s credit ratings as a result of the merger;
- changes in accounting standards;
- adverse effects of derivative transactions;

- adverse results from litigation or governmental investigations;
- additional tax liabilities;

- changes in interest rates;
- our reliance on third-party vendors for various services; or
- future acquisitions, investments and divestitures.

These risks and uncertainties include risks related to our businesses as well as the factors relating to the transactions discussed in this proxy statement. You should not place undue reliance on the forward-looking statements, which speak only as to the date of this proxy statement or the date of documents incorporated by reference.

In addition, please refer to Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as amended, as filed with the SEC, which item is incorporated herein by reference, for additional information on risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements or that may otherwise impact our company and business. See Where You Can Find More Information beginning on page 112. Any statement contained in this proxy statement or in a document incorporated herein by reference into this proxy statement shall be deemed to be modified or superseded to the extent such statement is modified or superseded in any subsequently filed document. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

PROPOSAL 1: THE MERGER

This discussion of the merger and the merger agreement is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as Annex A. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

Ceridian and its board have periodically reviewed strategic alternatives for Ceridian, including the possibility of a sale of the Company or the spin-off of its Comdata division. In 2004, Ceridian engaged a financial advisor to review strategic alternatives and explore possible combination opportunities. While preliminary discussions were held with strategic and financial parties, no offers or proposals resulted from such discussions. In August 2005, the board directed the financial advisor not to pursue additional discussions, but to be responsive to third parties that sought to initiate such discussions. In July 2006, Ceridian received an unsolicited preliminary indication of interest from two financial buyers that contemplated a possible acquisition of Ceridian at $30 per share. The board considered the indication of interest with its financial advisor, but decided that the indication was not sufficiently economically attractive to pursue. The board also determined not to pursue any additional discussions or strategic alternatives prior to hiring a new chief executive officer. In November 2006, Ceridian notified the financial advisor that Ceridian was terminating the financial advisor s engagement.

On December 20, 2006, Pershing Square filed a Schedule 13G reporting ownership of approximately 11.3% of the outstanding common stock of Ceridian. In the Schedule 13G, Pershing Square certified that the common stock was not acquired or held for the purpose of or with the effect of changing or influencing the control of Ceridian and that Pershing Square was not a participant in any transaction having the purpose or effect of changing or influencing the control of Ceridian.

On January 18, 2007, Pershing Square filed a Schedule 13D stating that it intended to conduct a proxy contest and nominate a slate of alternative directors at Ceridian s 2007 annual meeting of stockholders. In a letter to the board filed with the Schedule 13D, Pershing Square expressed several concerns, purportedly based on a January 12, 2007 meeting between Pershing Square representatives and Kathryn Marinello, Ceridian s president and chief executive officer. In particular, Pershing Square expressed concerns as to Ceridian s willingness to consider a spinoff of its Comdata division, the possibility that the president of Comdata would quit or be fired, and the possibility of near-term acquisitions by Ceridian.

On January 19, 2007, the board engaged Greenhill to act as its new financial advisor with respect to various strategic and business alternatives for the Company. On January 21, 2007, the board met to consider Pershing Square s letter. At that meeting, the board also authorized Greenhill to commence a review of Ceridian s businesses and to evaluate alternatives available to Ceridian. On January 22, 2007, Ms. Marinello sent a letter to Pershing Square on behalf of the board, and Ceridian filed the letter publicly. Ms. Marinello s letter reaffirmed Ceridian s focus on building stockholder value and stated that Ceridian had hired an independent financial advisor to help undertake a new review of Ceridian s businesses. The letter stated that the review would include an evaluation of the merits of a possible spinoff of Comdata as well as other avenues that could create stockholder value. The letter also stated that Ceridian did not have plans or intentions to pursue significant acquisitions over the next year. In addition, the letter said that Ceridian believed Pershing Square s concern that Ceridian may be on the verge of losing the president of Comdata was unfounded.

On January 23, 2007, Pershing Square delivered a notice to Ceridian of Pershing Square s intention to nominate eight candidates for election to Ceridian s board at the 2007 annual meeting of stockholders, and providing information about the eight candidates. The board met that day to discuss the announced proxy contest, and to review potential responses and alternatives. The board also appointed L. White Matthews, III, chairman of the board, to act as the independent directors day-to-day liaison with

Ceridian s management and outside advisors as the process moved forward. That same day, Ceridian issued a statement expressing its disappointment in Pershing Square s decision to conduct a proxy contest.

At a meeting of the Ceridian board on February 1, 2007, representatives of Greenhill presented a preliminary review of various strategic alternatives available to Ceridian. These included a spinoff of Comdata, a sale of Ceridian as a whole, and the continued operation of Ceridian as a stand-alone company without a disposition of Comdata. Representatives of Ceridian s legal, proxy and public relations advisors also reviewed Ceridian s situation and the potential proxy contest with the board. Following these presentations and further discussion, the board authorized Greenhill to commence a process to determine whether there would be a buyer for Ceridian at an attractive price. The board also directed Greenhill to continue to review and consider other strategic alternatives available to the Company.

Following the February 1, 2007 board meeting, Greenhill had preliminary contacts with a number of potential buyers, including strategic and financial buyers potentially interested in an acquisition of all or part of Ceridian. On February 13, 2007, Ceridian issued a press release announcing that the board had decided to explore a broad range of strategic alternatives to enhance stockholder value, and that the board had retained Greenhill as its financial advisor and Wachtell, Lipton, Rosen & Katz (Wachtell Lipton) as its legal advisor to assist in this effort.

Thereafter, at the board s direction, Greenhill began contacting potential buyers, who were asked to submit non-binding indications of interest to Greenhill, based solely on public information, by February 23, 2007. These indications of interest ranged from $32-$34 per share at the low end to $34-$36 per share at the high end. Based on the initial indications of interest, four bidding groups consisting of financial buyers were invited to participate in due diligence and management presentations following the execution of customary confidentiality agreements. Over the course of the process, Ceridian signed confidentiality agreements with a total of nine third parties. No potential strategic buyers expressed sufficient interest at competitive valuation ranges to be included in the process and none submitted any formal offers. Concurrently, Ceridian, with Greenhill s assistance, continued to evaluate other strategic alternatives. In addition, Ceridian began separate discussions with a third party that expressed interest in a potential equity investment and recapitalization of Ceridian.

With Greenhill s assistance, Ceridian conducted due diligence with interested buyers over the next several weeks, including management presentations between March 8, 2007 and March 13, 2007. Interested parties also had access to an online dataroom containing financial, operational and legal information. Greenhill requested that the bidding groups submit revised non-binding indications of interest following this due diligence process on March 22, 2007. Prior to this deadline, one of the four bidding groups withdrew from the process. The other three groups submitted revised indications on March 22, 2007, one indicating a range of $32-$34 per share, one indicating a range of $33-$34 per share, and one indicating $34 per share.

After further discussions with Greenhill, on March 26, 2007, two of the three groups, one of which consisted of THL Partners and FNF, orally increased their ranges to $34-$36 per share. Based on these indications, these two groups were invited to continue in the process. On April 2, 2007, these two groups were provided with a form of merger agreement and asked to provide their comments on the terms of that agreement.

Ceridian also conducted due diligence with the third party that had expressed interest in an equity investment in and recapitalization of Ceridian. This party submitted an indicative term sheet contemplating the purchase of $800 million of a new series of Ceridian convertible preferred stock, with a conversion price equal to the lower of $35 per share or a 20% premium to the five-day average trading price of the Ceridian common stock at the time of the investment. The term sheet also contemplated a 6% pay-in-kind dividend compounding quarterly, increasing to an 8% cash dividend after five years. The term sheet contemplated that the proceeds from the issuance, as well as debt raised by the Company in

connection with the recapitalization, would be used to repurchase outstanding shares of Ceridian common stock in a self-tender offer.

Over the next few weeks, Ceridian continued the due diligence process with the two potential buyer groups, including on-site due diligence at Ceridian s headquarters during the week of April 9, 2007. Ceridian also continued the due diligence process with the potential equity investor. Following the on-site due diligence sessions, Greenhill requested that the two potential buyer groups finalize their due diligence and confirm their valuations. On April 18, 2007, one of the two groups determined that it would not be able to offer a valuation above its initial range of $32-$34 per share and withdrew from the process. THL Partners and FNF confirmed their valuation range of $34-$36 per share, but said they would need additional time to complete due diligence and determine their willingness to enter into a binding agreement.

On April 20, 2007, representatives of Greenhill and Wachtell Lipton met with representatives of the potential equity investor to discuss the investor s proposal. Thereafter, counsel for the potential equity investor provided Ceridian with drafts of a securities purchase agreement and a certificate of designation for the proposed convertible preferred stock.

The Ceridian board met on April 25, 2007, and reviewed the status of the strategic alternatives process. Wachtell Lipton reviewed with the board their legal responsibilities and other legal matters relating to the potential transactions. The potential equity investor provided the board with a presentation on its proposal and answered questions with respect to the proposal. Greenhill reviewed with the board the status of discussions with THL Partners and FNF, including a request by THL Partners and FNF for additional time to complete due diligence and make a determination as to their willingness to proceed with a binding agreement. Greenhill also reviewed with the board various financial analyses, including relating to a potential buyout of Ceridian at up to $36 per share as compared against a potential spinoff or other divestiture of Comdata and the continuation of Ceridian as a stand-alone business with no changes. Greenhill also reviewed the equity investment and recapitalization proposal and a potential stand-alone leveraged recapitalization. In reviewing these alternatives, the board and the advisors discussed the execution risk in meeting management s projections. Following questions and further discussion, the Ceridian board directed Greenhill and Ceridian s management and other advisors to continue negotiations with THL Partners and FNF, as well as with the potential equity investor, to try to reach final terms on each potential transaction and present those final terms to the board by May 12, 2007.

Pursuant to the directive issued at the April 25, 2007 board meeting, Ceridian s management and representatives of Greenhill and Wachtell Lipton conducted further negotiations with respect to the potential equity investment and leveraged recapitalization. Based on these negotiations, the potential equity investor improved the terms of its proposal by agreeing to a conversion price for the convertible preferred stock of $37 per share and agreeing that the 6% pay-in-kind dividend would remain at 6% when it became a cash dividend after five years. The potential equity investor also agreed to an increased level of debt in connection with the proposed recapitalization in order to permit a repurchase of slightly more than half of Ceridian s outstanding common stock at a fixed price of $37 per share. The potential equity investor submitted a revised proposal reflecting these terms, with a deadline for acceptance of May 14, 2007.

Ceridian s management and the representatives of Greenhill and Wachtell Lipton also continued their discussions with THL Partners and FNF and their counsel, Weil, Gotshal & Manges LLP (Weil Gotshal), with respect to the proposed acquisition of Ceridian, and sought to impose a deadline of May 12, 2007 for, completion of a definitive agreement. THL Partners and FNF, however, indicated that they would need additional time to complete due diligence and arrange financing commitments. They also indicated that they would be willing to proceed with a target for a final proposal of May 28, 2007, but only if Ceridian agreed to provide them with $5 million in expense reimbursement if they delivered a binding offer at a price at least equal to $36 per share and the board rejected the offer. On May 9, 2007, Ceridian entered into a letter agreement with THL Partners and FNF providing for reimbursement of expenses under such circumstances. Representatives of THL Partners and FNF thereafter conducted further due

diligence at Ceridian s headquarters. On May 11, 2007, Weil Gotshal provided a markup reflecting comments on the proposed merger agreement.

The Ceridian board met on May 12, 2007 to review the status of the two proposed transactions. Representatives of Greenhill reported on the revised proposal from the potential equity investor, including the deadline imposed by that party of May 14, 2007, and on the status of discussions with THL Partners and FNF, their request for additional time, and the expense reimbursement letter targeting May 28, 2007 as the deadline for a binding offer. The board discussed with management and the advisors their assessment of the likelihood of reaching a binding agreement with THL Partners and FNF, the risk of losing the potential equity investment if the May 14, 2007 deadline for that proposal were not met, and the potential for finding a new equity investor or effecting a leveraged recapitalization without an equity sponsor in the event the board determined to pursue a recapitalization alternative.

At the May 12, 2007 meeting of the board, the representatives of Greenhill also reviewed their financial analyses with respect to the revised proposal for the equity investment and recapitalization, noting that this proposal might ultimately result in values for Ceridian in excess of $36 per share based on certain assumptions if management projections were met, but discussed again the execution risks in meeting these projections. Additionally, the board considered the fact that the potential equity investment and recapitalization alternative would have only provided for the repurchase of slightly more than half of the Company s common stock at $37 per share. In addition, the proposal would have involved the Company assuming a significant amount of debt relative to its historical levels, and resulted in a capital structure with an equity security senior to the common shares with significant rights, including a dividend. The board and the advisors had further discussions of the proposals and the risks, as well as a discussion of the potential trading values for Ceridian shares following the completion of a recapitalization, which the advisors believed might be less than $30 per share in the near term as a result of such risks and uncertainties. Following further questions and discussion, the board authorized continued discussions with THL Partners and FNF, with the goal of reaching a final agreement on an acquisition at a price no less than $36 per share by May 28, 2007. The board also authorized continued discussions with the potential equity investor.

Over the next two weeks, Ceridian and its advisors continued due diligence, discussions and negotiations with THL Partners and FNF. The potential equity investor indicated that it was unwilling to continue discussions past its deadline of May 14, 2007. THL Partners and FNF also continued to work on finalizing financing commitments during this time period. Negotiations with Weil Gotshal with respect to the merger agreement focused in particular on the conditions to the merger, including a condition for state regulatory approval of the change in control in connection with money transmitter licenses held by Comdata, and the termination rights and breakup fee triggers.

THL Partners and FNF also indicated at this time that they would require discussions with Ceridian management, prior to entering into the merger agreement, on potential terms of employment with management in connection with the transaction. On May 18, 2007, with the authorization of Mr. Matthews as chairman of the board, Ceridian management engaged Allen & Overy LLP as separate counsel to management for this purpose and, on May 19, 2007, Ms. Marinello and Allen & Overy LLP commenced discussions with respect to such employment terms. Thereafter, on May 22, 2007, Weil Gotshal and Allen & Overy LLP exchanged drafts of a term sheet with respect to the terms of employment for Ms. Marinello, and engaged in negotiations with respect to the term sheet, with the understanding that the term sheet would be used in connection with negotiating the full terms of employment for Ms. Marinello and other members of management following execution of the merger agreement. See The Merger Interests of Certain Persons in the Merger.

On May 22, 2007, THL Partners and FNF informed Ceridian that they would not be able to meet the May 28, 2007 deadline for a binding offer, but that they expected to be able to meet a May 30, 2007 deadline for a transaction at a price of $36 per share. They also requested an extension of the expense

reimbursement letter with a new deadline of May 30, 2007. THL Partners and FNF continued to work on finalizing their financing commitments and Weil Gotshal continued to negotiate the terms of the merger agreement with Wachtell Lipton.

The Ceridian board met on May 26, 2007 to review the status of the discussions. Greenhill presented an overview of the entire process and a full financial analysis based on the expected $36 per share transaction. A summary of Greenhill s analysis is set forth under The Merger Opinion of Financial Advisor. Greenhill again compared the expected $36 per share price to implied valuations of Ceridian s common stock under a range of other alternatives, which generally implied values below $36 per share. Greenhill representatives noted that a discounted cash flow analysis could support values in excess of the $36 per share offer price, though Greenhill pointed out again and the board discussed the risks involved in the projections underlying the analysis and the potential of implied valuations based on the projections not being realizable in the near term. The representatives of Greenhill told the board that if a $36 per share proposal were presented to the board, based on current information, Greenhill expected to be able to deliver a financial fairness opinion with respect to the transaction.

Wachtell Lipton then reviewed with the board the terms of the draft merger agreement, a summary of which and the current draft of which had been provided to the board. In addition, Wachtell Lipton reviewed an illustrative timeline, and answered questions with respect to the terms of the merger agreement and the timeline. Wachtell Lipton also reviewed with the board the proposed terms that had been discussed to date with respect to management employment arrangements in connection with the transaction. Following further discussion, the board agreed to reconvene on May 30, 2007 to give final consideration to the proposed transaction with THL Partners and FNF if a final proposal were ready by then. The board also authorized an extension of the expense reimbursement letter, which was executed later that day.

Over the next few days, the proposed terms of the merger agreement were finalized, including agreement on the amount of and triggers for the breakup fees. In addition, THL Partners and FNF finalized the terms of their financing commitments. On May 30, 2007, the board of FNF authorized FNF s participation in the transaction. THL Partners also gave its final approval to the transaction. Following these approvals, the Ceridian board met for its final consideration of the transaction. Wachtell Lipton reviewed with the board the final revisions to the merger agreement and said that the merger agreement and related agreements were now fully negotiated and ready to execute. Greenhill delivered its oral opinion to the board of directors, which was subsequently confirmed by the delivery of a written opinion of the same date, to the effect that as of May 30, 2007, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in such opinion, the merger consideration to be received by the holders of shares of Ceridian common stock (other than affiliates of, or holders of beneficial interests in, Parent or Merger Sub), as provided for in the merger agreement, was fair, from a financial point of view, to such holders. See The Merger Opinion of Financial Advisor. Following further questions and discussion, the Ceridian board approved the merger, the merger agreement and related agreements. Following the Ceridian board meeting, the merger agreement and the guarantees were executed and the transaction was publicly announced.

On June 13, 2007, Pershing Square publicly filed a letter stating that it does not support a sale of Ceridian at $36 per share and that it believes the transaction is suboptimal for Ceridian stockholders. The letter also stated that Pershing Square has engaged financial and legal advisors and intends to pursue one or more value-maximizing alternatives. Later the same day, Ceridian issued a press release stating that, following a thorough and publicly announced exploration of strategic alternatives, the board had determined that the merger agreement and the merger was in the best interests of Ceridian shareholders and provided the greatest and most certain value of the available alternatives. Ceridian went on to state that the board welcomes involvement by shareholders and is prepared to review any proposals that might result in a superior proposal per the merger agreement and that the board remains committed to its goal of maximizing shareholder value through its review of all alternatives.

Reasons for the Merger; Recommendation of the Board of Directors

The board has unanimously (1) determined that the merger agreement, including the merger and the other transactions contemplated by the merger agreement, is fair to, advisable and in the best interests of the Company and its unaffiliated stockholders, (2) approved the merger agreement and the merger, and (3) determined to recommend that the Company s stockholders vote in favor of adoption of the merger agreement. **Accordingly, the board unanimously recommends that you vote FOR adoption of the merger agreement and approval of the merger.**

In reaching its determination to recommend the merger and the other transactions contemplated by the merger agreement, the board, in consultation with its legal and financial advisors, and with the Company s management, considered the following material factors and benefits of the merger, each of which the board believed supported its recommendation:

- recent and historical market prices for shares of Ceridian common stock and the fact that the value offered in the merger of $36.00 per share represented a premium of approximately 5% to the Ceridian common stock closing price of $34.19 on May 30, 2007, the last trading day before the Company announced the merger agreement; approximately 17% to the Ceridian common stock closing price of $30.72 per share on February 12, 2007, the last trading day prior to the public announcement that the Company had commenced the exploration of strategic alternatives; and approximately 56% to the Ceridian common stock closing price of $23.13 on October 6, 2006, the date Pershing Square began to purchase shares of Ceridian common stock;

- the business, operations, properties and assets, financial condition, business strategy and prospects of the Company, as well as the risks involved in achieving those prospects, the nature of the industry in which the Company competes, industry trends and economic and market conditions, both on a historical and on a prospective basis;

- the fact that the Company had explored a variety of strategic alternatives over an extended period of time, the thoroughness of the process for exploring and reviewing these alternatives, and the board s view that the merger provided a more attractive and more certain value to stockholders compared to the other alternatives considered, including a spin-off or other divestiture of Comdata or a recapitalization of the Company;

- the absence of a definitive bid to acquire the entire Company from any party or group other than from THL Partners and FNF, notwithstanding the fact that the Company, with the advice and assistance of its financial and legal advisors, undertook a thorough process as described under The Merger Background of the Merger ;

- the fact that the merger consideration is all cash, so that the transaction provides the Company s stockholders certainty of value for their shares;

- the fact that the potential equity investment and recapitalization alternative would have only provided for the repurchase of slightly more than half of the Company s common stock at $37 per share and would involve the Company assuming a significant amount of debt relative to its historical levels and result in a capital structure with an equity security senior to the common shares that has significant rights, including a dividend, and the board s belief that the value of the common stock that would remain outstanding after such repurchase was subject to a number of risks and uncertainties;

- the conditions to the merger agreement, which the board viewed as providing a reasonable level of assurance that the merger could be completed;

- the other terms of the merger agreement, including the fact that the merger agreement does not preclude unsolicited offers from other parties, subject to specified conditions, and permits the Company to terminate the merger agreement to accept a superior proposal through the date of meeting of the Company s stockholders to consider the merger, subject to payment by the Company of a $165 million termination fee;

- the fact that under the terms of the merger agreement, the $165 million termination fee is not payable to Parent by the Company if Parent exercises its right to terminate the merger agreement solely because a majority of the incumbent board is voted out of office, unless the Company enters into an alternative transaction within one year thereafter;

- the financing commitments for the merger and the agreement by Parent to pay a $165 million termination fee to the Company if the merger agreement is terminated because financing is not obtained, coupled with the fact that FNF and an affiliate of THL Partners are each guaranteeing half of Parent s termination fee obligation;

- the arm s-length negotiation of the transactions and the terms of the related agreements;

- the opinion of Greenhill to our board of directors to the effect that, as of May 30, 2007, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in such opinion, the merger consideration to be received by the holders of shares of Ceridian common stock (other than affiliates of, or holders of beneficial interests in, Parent or Merger Sub), as provided for in the merger agreement, was fair, from a financial point of view, to such holders, as more fully described below;

- the fact that the employment arrangements between affiliates of Parent and members of management of the Company were not discussed until shortly before the merger agreement was executed and were not finalized as of the date of the merger agreement or as of the date of this proxy statement; and

- the fact that a vote of stockholders on the merger is required under Delaware law, and that stockholders who do not vote in favor of the merger will have the right to dissent from the merger and to demand appraisal of the fair value of their shares under Delaware law.

The board also took into consideration a variety of risks and other potentially negative factors concerning the merger, including the following:

- the risk that the conditions to the merger will not be met, including the conditions requiring stockholder and regulatory approvals, or the risk that the merger agreement could be terminated and the potential adverse impact on the Company if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the effect on business and customer relationships;

- the fact that the Company s stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in the value of the Company;

- the fact that the all-cash consideration in the transactions will be taxable to the Company s stockholders that are U.S. persons for U.S. federal income tax purposes;

- the merger agreement s limitations on the Company s ability to solicit other offers;

- the fact that Parent and Merger Sub are newly formed corporations with essentially no assets and, accordingly, that the Company s remedy in connection with a breach of the merger agreement by Parent or Merger Sub, even a breach that is deliberate or willful, may be limited to the $165 million termination fee; and

- the possibility that the $165 million termination fee payable by the Company under specified circumstances if the Company enters into an alternative transaction may discourage a competing proposal to acquire the Company.

The foregoing discussion summarizes the material factors considered by the board in its consideration of the merger. After considering these factors, the board concluded that the positive factors relating to the

-17-

merger agreement and the merger substantially outweighed the potential negative factors. In view of the wide variety of factors considered by the board, and the complexity of these matters, the board did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the board may have assigned different weights to various factors. The board approved and unanimously recommended the merger, including the merger agreement, based upon the totality of the information presented to and considered by it.

The board unanimously recommends that you vote FOR the approval of the merger agreement and FOR adjournment or postponement of the annual meeting, if necessary or appropriate, to solicit additional proxies.

Opinion of Financial Advisor

Ceridian retained Greenhill & Co., LLC to act as its financial advisor in connection with Ceridian s consideration of its strategic alternatives, including the merger. On May 30, 2007, Greenhill delivered to our board of directors its oral opinion, which was subsequently confirmed by the delivery of a written opinion of the same date, to the effect that as of May 30, 2007, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations described in such opinion, the merger consideration to be received by the holders of shares of Ceridian common stock (other than affiliates of, or holders of beneficial interests in, Parent or Merger Sub), as provided for in the merger agreement, was fair, from a financial point of view, to such holders. The full text of Greenhill s written opinion, dated May 30, 2007, describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Greenhill. We have attached the full text of such opinion as Annex B to this proxy statement, which we incorporate by reference into this proxy statement. **The summary of Greenhill s opinion that follows is qualified in its entirety by reference to the full text of the opinion. We encourage holders of Ceridian common stock to read the opinion carefully in its entirety.**

Greenhill provided its opinion to the Ceridian board of directors in connection with the board of directors consideration of the merger. Greenhill s opinion was directed only to the fairness of the merger consideration from a financial point of view and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger or any related transaction as compared to other business strategies or transactions that might be available to Ceridian or Ceridian s underlying business decision to effect the merger or any matters relating to the merger. Greenhill s opinion does not constitute a recommendation to the Ceridian board of directors as to whether it should approve the merger or the merger agreement, nor does it constitute a recommendation as to how any holder of shares of Ceridian common stock should vote or act with respect the merger, the merger agreement or any other matter related thereto.

In arriving at its opinion, Greenhill, among other things:

- reviewed the draft merger agreement discussed with Ceridian s board of directors at its meetings on May 26, 2007 and May 30, 2007 and certain related documents;
- reviewed certain publicly available financial statements of Ceridian;
- reviewed certain other publicly available business and financial information relating to Ceridian that Greenhill deemed relevant;
- reviewed certain information, including financial forecasts and other financial and operating data concerning Ceridian, prepared by the management of Ceridian;
- discussed the past and present operations, the financial condition and the prospects of Ceridian with senior executives of Ceridian;

-18-

- reviewed the historical market prices and trading activity for Ceridian common stock and analyzed its implied valuation multiples;
- compared the financial performance of Ceridian with that of certain publicly traded companies that Greenhill deemed relevant;
- compared the value of the merger consideration with the trading valuations of certain publicly traded companies that Greenhill deemed relevant;
- compared the value of the merger consideration with that received, to the extent publicly available, in certain publicly available transactions that Greenhill deemed relevant;
- compared the value of the merger consideration to a valuation derived by discounting future cash flows and a terminal value of Ceridian at discount rates that Greenhill deemed appropriate;
- performed a sum of the parts analysis and compared the value of the consideration to the sum of estimated stand-alone valuations for each of Ceridian s principal business divisions;
- participated in discussions and negotiations among representatives of Ceridian and its legal advisors and representatives of Parent and its legal advisors; and
- performed such other analyses and considered such other factors as Greenhill deemed appropriate.

Greenhill assumed and relied upon, without independent verification, the accuracy and completeness of the information publicly available, supplied or otherwise made available to Greenhill by representatives and management of Ceridian and further relied upon the assurances of the representatives and management of Ceridian that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts and other financial and operational data concerning Ceridian that were prepared by the management of Ceridian and supplied to Greenhill, Greenhill assumed such forecasts and data were reasonably prepared on a basis reflecting the best then currently available estimates and good faith judgments of the management of Ceridian as to such matters, and Greenhill relied upon such forecasts and data in arriving at its opinion. Greenhill expressed no opinion with respect to such forecasts or data or the assumptions upon which they are based. In addition, Greenhill did not conduct a physical inspection of the properties or facilities of Ceridian, nor did it undertake an independent valuation or appraisal of the assets or liabilities of Ceridian, nor were any such valuations or appraisals provided to it. Greenhill assumed that the merger would be consummated in accordance with the terms set forth in the final, executed merger agreement, which Greenhill further assumed would be identical in all material respects to the draft dated May 30, 2007 (the latest draft reviewed by Greenhill), and without any waiver or modification of any material terms or conditions set forth in the merger agreement. Greenhill further assumed that all governmental and third party consents, approvals and agreements necessary for the consummation of the merger would be obtained without any adverse effect on Ceridian or the merger meaningful to Greenhill s analysis. Greenhill s opinion was necessarily based upon financial, economic, market and other conditions as in effect on, and the information made available to Greenhill as of, May 30, 2007.

Summary of Financial Analyses

The following is a summary of the material financial analyses performed by Greenhill and reviewed with Ceridian s board of directors in connection with Greenhill s opinion relating to the proposed merger. The following summary does not purport to be a complete description of all analyses performed or factors considered by Greenhill in connection with its opinion, nor does the order in which the analyses are described represent relative importance or weight given to those analyses by Greenhill. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the analyses below, no company, business division

or transaction used as a comparison was either identical or directly comparable to Ceridian, its divisions or the merger. Greenhill selected these companies, among other reasons, because they are publicly traded companies with operations or businesses that for purposes of analysis may be considered reasonably comparable to those of Ceridian or its business divisions, as applicable. None of the selected companies is directly comparable to Ceridian or its business divisions. Accordingly, Greenhill s analysis of these selected publicly traded companies necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of the operating statistics and trading multiples of the selected publicly traded companies. In evaluating the comparable companies, Greenhill made judgments and assumptions concerning industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Ceridian, such as the impact of competition on the businesses of Ceridian and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Ceridian or the industry or the financial markets in general. Greenhill also made judgments as to the relative comparability of such companies to Ceridian and its divisions, as applicable, and judgments as to the relative comparability of the various valuation parameters with respect to the companies. The numerical results may not in themselves be meaningful in analyzing the contemplated transaction as compared to the comparable companies.

Greenhill believes that the analyses and the summary below must be considered as a whole and that selecting portions of the analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Greenhill s analyses and opinion. Greenhill did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather Greenhill arrived at its ultimate opinion based on the results of all analyses undertaken and assessed as a whole.

The estimates of the future performance of Ceridian provided by Ceridian s management or analyst consensus estimates in or underlying Greenhill s analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, Greenhill considered industry performance, general business and economic conditions and other matters, many of which were beyond the control of Ceridian. Estimates of the financial value of companies do not purport to be appraisals or reflect the prices at which companies actually may be sold.

The merger consideration was determined through negotiation between Ceridian and Parent and the decision to enter into the merger was solely that of Ceridian s board of directors. Greenhill s opinion and financial analyses were only one of many factors considered by Ceridian s board of directors in its evaluation of the merger and should not be viewed as determinative of the views of Ceridian s board of directors or management with respect to the merger or the merger consideration.

The financial analyses summarized below include information presented in tabular format. In order to fully understand Greenhill s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Greenhill s financial analyses.

Trading Comparables Analysis

Greenhill reviewed certain financial information for Ceridian and compared such information to the corresponding financial information, ratios and public market multiples for the following publicly traded companies:

- Affiliated Computer Services, Inc.

- Automatic Data Processing, Inc.
- First Data Corporation
- Hewitt Associates, Inc.
- Wright Express Corporation

Greenhill calculated and compared various financial multiples and ratios for these selected companies based on publicly available data, including the Institutional Brokers Estimate System (IBES), public filings and other publicly available information, based on closing prices as of May 24, 2007. Financial data for Ceridian was based on internal estimates of Ceridian s management, public filings and other publicly available information. Greenhill analyzed the following information for the selected companies, as well as for Ceridian:

- enterprise value, calculated as the sum of the fully diluted market value of the respective company s common stock (accounting for options using the treasury stock method), the book value of its outstanding debt, the book value of its preferred stock and the book value of any minority interest, minus total cash and cash equivalents, as a multiple of estimated earnings before interest, taxes, depreciation and amortization (EBITDA) for the twelve months prior to its most recently completed fiscal quarter end (LTM);
- per share equity value of its common stock as a multiple of estimated earnings per share (EPS) for 2007; and
- the ratio of share price to estimated EPS for 2007 divided by the estimated long-term earnings growth rate.

In the case of Affiliated Computer Services Inc. and First Data Corporation, the multiples analyzed were those prior to announced change in control transactions involving such companies.

Based on these analyses, Greenhill selected a range of comparable enterprise value multiples of LTM EBITDA of between 9.0x to 11.5x and per share equity value multiples of 2007 estimated EPS of 19.0x to 23.0x. In selecting the range of EBITDA and EPS multiples, Greenhill took into account the operating performance of the selected companies relative to that of Ceridian, including revenue growth and the growth and absolute level of profit margins. For purposes of calculating Ceridian s enterprise and per share equity values, Greenhill assumed a net cash position of $285 million and a fully diluted share count of 147 million shares based on the treasury stock method. When applied to Ceridian, such multiples yielded an implied price range per share of approximately $25 to $31. Greenhill compared this range to the merger consideration of $36 per share to be received by Ceridian s stockholders in the merger.

Discounted Cash Flow Analysis

Using discounted cash flow methodology, Greenhill calculated the present values of the projected unlevered future cash flows for Ceridian, using financial forecasts and estimates for fiscal years 2007 through 2011 prepared by Ceridian s management (the management case). In this analysis, Greenhill estimated a weighted average cost of capital for Ceridian based on Greenhill s review of, among other matters, the current weighted average cost of capital of Ceridian, the predicted equity betas and capital structures of businesses deemed to be similar to those of Ceridian, the current weighted average cost of capital of those businesses and the implications for the weighted average cost of capital of various debt to market equity ratios, which Greenhill deemed appropriate. Greenhill calculated a range of discount rates from 10.5% to 12.5%. The estimates of annual cash flows of Ceridian used by Greenhill did not include annual estimates for periods after December 31, 2011. Accordingly, for purposes of its analysis, Greenhill calculated an assumed value, as of December 31, 2011, of the cash flows for all periods after December 31, 2011. This assumed value is referred to as the terminal value. Greenhill calculated a range of terminal values for Ceridian as of the end of fiscal year 2011 based on multiples ranging from 8.0x to 12.0x times estimated EBITDA for fiscal year 2011. The calculated terminal values were then discounted to present value, using discount rates ranging from 10.5% to 12.5%. For any combination of discount rate and calculated terminal value, the sum of the present value of the cash flows of Ceridian and the present value of the terminal value results in an implied enterprise value for Ceridian. Greenhill calculated an estimated equity value per share of Ceridian based on a net cash position of $285 million and a fully diluted share count of 147 million shares based on the treasury stock method. For purposes of comparison, Greenhill performed the same analysis using analyst consensus estimates for Ceridian for fiscal years 2007 through 2011 (the analyst consensus case), which generally projected a lower annual growth rate of revenue, EBITDA and free cash flow than the management case.

The following table presents the results of these analyses:

Discount Rate	Management Case Terminal EBITDA Multiple					Analyst Consensus Case Terminal EBITDA Multiple				
	8.0x	**9.0x**	**10.0x**	**11.0x**	**12.0x**	**8.0x**	**9.0x**	**10.0x**	**11.0x**	**12.0x**
10.5%	$ 33.88	$ 37.21	$ 40.53	$ 43.85	$ 47.17	$ 28.40	$ 31.11	$ 36.53	$ 36.53	$ 39.23
11.0%	$ 33.28	$ 36.53	$ 39.79	$ 43.04	$ 46.29	$ 27.90	$ 30.56	$ 35.87	$ 35.87	$ 38.52
11.5%	$ 32.69	$ 35.88	$ 39.06	$ 42.25	$ 45.44	$ 27.42	$ 30.02	$ 35.22	$ 35.22	$ 37.82
12.0%	$ 32.11	$ 35.23	$ 38.36	$ 41.48	$ 44.61	$ 26.94	$ 29.49	$ 34.59	$ 34.59	$ 37.14
12.5%	$ 31.55	$ 34.61	$ 37.67	$ 40.73	$ 43.80	$ 26.48	$ 28.98	$ 33.98	$ 33.98	$ 36.48

Further, in the management case and the analyst consensus case, the terminal values represented approximately 82.8% to 88.1% and 81.5% to 87.2%, respectively, of the total enterprise value at the discount rates and multiple ranges described above. Based on these analyses, Greenhill selected an indicated range of implied present values per share of Ceridian common stock of approximately $35 to approximately $43 for the management case and approximately $29 to approximately $36 for the analyst consensus case. Greenhill compared these ranges to the merger consideration of $36 per share to be received by Ceridian s stockholders in the merger.

Premiums Paid Analysis

Greenhill reviewed available data from all-cash transactions involving U.S. listed target companies announced within the three years prior to May 24, 2007 with transaction values between $2.5 billion and $7.5 billion. Specifically, Greenhill reviewed the premiums represented by acquisition price per share compared to the closing share price of the target company one day prior to the announcement of the transaction, and compared to the closing share price of the target company thirty days prior to the

announcement of the transaction. Greenhill observed that for all-cash transactions announced in the past three years, the median premium over the closing share price of the target on the day prior to announcement was 15.7%, and the median premium over the closing share price of the target thirty days prior to announcement was 22.3%, and that for all-cash transactions announced since May 24, 2006, the median premium over the closing share price of the target on the day prior to announcement was 14.1%, and the median premium over the closing share price of the target thirty days prior to announcement was 21.1%.

Greenhill noted that the reasons for, and circumstances surrounding, each of the transactions reviewed were diverse and that the premiums fluctuated based on perceived growth, synergies, strategic value and type of consideration utilized in the transaction. None of the targets in the reviewed transactions is identical to Ceridian and, accordingly, Greenhill s analysis of these transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the comparison of the percentage purchase price premium implied by the merger versus the percentage purchase price premiums of these transactions.

Based on this analysis, Greenhill applied the median range one-day and thirty-day premiums to a measure of Ceridian s unaffected share price, using as a proxy the thirty-day average trading price of Ceridian s common shares prior to Pershing Square s first purchase of Ceridian common stock on October 6, 2006, and affected share price, defined as the average trading price of Ceridian s common shares from October 6, 2006 through May 24, 2007, to derive an indicated valuation range for Ceridian common stock of between approximately $27 and approximately $35 per share.

Greenhill further observed that the proposed merger consideration of $36 per share to be received by Ceridian s stockholders in the merger represented a premium of 8.8% over the closing price of Ceridian common stock on May 24, 2007, the date of Pershing Square s first purchase of Ceridian common stock, 21.4% over the average closing price of Ceridian common stock during the period beginning on October 6, 2006 and ending on May 24, 2007, and a premium of 55.0% over the average closing price of Ceridian common stock during the thirty-day period preceding Pershing Square s first purchase of Ceridian common stock, which began on September 5, 2006 and ended on October 5, 2006.

Precedent Transactions Analysis

Greenhill performed an analysis of selected business combinations involving target companies engaged in payment processing, payment networks, stored value and core processing, payroll and human resources processing.

Although Greenhill analyzed the multiples implied by the selected transactions and compared them to the implied transaction multiples of the merger, none of these transactions or associated companies is identical to the acquisition of Ceridian pursuant to the merger agreement. Accordingly, Greenhill s analysis of the selected transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics, the parties involved and terms of their transactions and other factors that would necessarily affect the implied value of Ceridian versus the values of the companies in the selected transactions. In evaluating the precedent transactions, Greenhill made judgments and assumptions concerning industry performance, general business, economic, market and financial conditions and other matters. Greenhill also made judgments as to the relative comparability of those companies to Ceridian and judgments as to the relative comparability of the various valuation parameters with respect to the companies.

Using publicly available information at the time of the announcement of the relevant transaction, including company filings and the CapitalIQ transaction database, Greenhill reviewed the consideration paid in the transactions and analyzed the enterprise value implied by such consideration as a multiple of EBITDA for the twelve month period prior to the target company s most recently completed fiscal quarter

end preceding the announcement of the applicable transaction and as a multiple of projected EPS at the time of the announcement of the applicable transaction. Greenhill then compared these multiples derived from the selected transactions reviewed with the corresponding multiples implied for Ceridian based on the merger consideration to be received by Ceridian s stockholders in the merger.

The following tables identify the transactions reviewed by Greenhill in this analysis.

Payment Processing:

Date Announced	Target	Acquirer
05/18/07	Alliance Data Systems Corp.	Blackstone Group
04/01/07	First Data Corp.	Kohlberg Kravis Roberts & Co.
03/30/07	PolCard	First Data Corp.
01/09/06	Verus Financial Management	The Sage Group plc
09/15/05	Certegy Inc.	Fidelity National Information Services Inc.
08/09/05	Citi Merchant Services	First Data Corp.
01/18/05	Vital Processing Svcs.	Total Systems Services Inc.
08/03/04	Lynk Systems Inc.	Royal Bank of Scotland
07/13/04	National Processing Inc.	Bank of America
04/30/04	Alliance & Leicester	NOVA Corporation
11/26/03	Citi EFS	JP Morgan Chase
04/02/03	Concord EFS	First Data Corp.
07/19/03	PayPoint	First Data Corp.
05/07/01	NOVA Corp.	US Bancorp
02/26/01	Universal Companies	Fifth Third Bancorp
11/09/00	CIBC Merchant Services	Global Payments Inc.
12/06/99	Card Payment Systems	Concord EFS
06/08/99	SPS Network Services	Alliance Data Systems Corp.
03/22/99	Paymentech, Inc.	First Data Corp.
12/22/98	BA Merchant Services, Inc.	BankAmerica Corp.
06/18/98	PMT Services, Inc.	NOVA Corp.
04/20/98	SPS Transactions Services	Associates First Capital
06/22/96	GENSAR	Paymentech, Inc.
06/13/95	First Financial Management	First Data Corp.
11/02/94	Card Establishment Svcs.	First Data Corp.
08/16/94	Envoy Corp. Financial	First Data Corp.

Payment Networks:

Date Announced	Target	Acquirer
11/21/06	Euronet Worldwide, Inc.	RIA Envia Inc.
11/01/06	Easycash GmbH	Warburg Pincus
05/10/05	Genpass, Inc.	US Bancorp
11/15/04	PULSE EFT Association	Discover Financial Services
09/20/04	eFunds Corp.-ATM Portfolio	TRM Corp.
06/03/04	E*TRADE Access	CardTronics
05/17/04	NYCE	Metavante
12/19/03	MUZO	Global Payments Inc.
11/15/02	EDS Consumer Network Services	Fiserv Inc.
01/19/00	NYCE	First Data Corp.
01/30/01	TransAlliance	EDS
10/09/00	Star	Concord EFS, Inc.
04/13/00	Cash Station Inc.	Concord EFS, Inc.

06/30/99	Mellon Network Services	US Bancorp
11/23/98	Electronic Payments Services, Inc.	Concord EFS, Inc.

Stored Value:

Date Announced	Target	Acquirer
12/05/05	E Com Industries Pty Ltd	Retail Decisions
06/09/05	WildCard Systems, Inc.	eFunds Corporation
05/02/00	Stored Value Systems, Inc.	Ceridian Corp.
03/02/99	Stored Value Systems, Inc.	Ceridian Corp.

Core Processing, Payroll, HR Processing:

Date Announced	Target	Acquirer
03/23/07	Kronos Inc.	Hellman & Friedman
03/20/07	Affiliated Computer Services Inc.	Cerberus
12/29/06	Carreker	CheckFree Corp.
12/14/06	Electronic Clearing House	Intuit Inc.
10/26/06	Kanbay International Inc.	Cap Gemini SA
11/29/06	Digital Insight Inc.	Intuit Inc.
10/14/06	Open Solutions Inc.	Carlyle Group and Providence Equity
04/03/06	Mphasis Limited	Electronic Data Systems Corp.
01/18/06	Pinkerton Computer Consultants	Kforce Inc.
10/05/05	MHA Group Inc.	AMN Healthcare Services
08/03/05	Strategic Outsourcing Inc.	Clarion Capital Partner
08/02/05	i-Flex Solutions	Oracle Corp.
07/28/05	SS&C Technologies	Carlyle
04/08/05	DST Health Solutions	Computer Services Corp.
03/16/05	Mellon HR & Inv. Svcs	Affiliated Computer Services Inc.
09/09/04	Intercept Inc.	Fidelity National Financial
08/26/04	BlueStar Solutions Inc.	Affiliated Computer Services
06/17/04	Personal & Informatik AG	Carlyle
06/15/04	Exult Inc.	Hewitt Associates
02/09/04	Aurum Technology Inc.	Fidelity National Financial Inc.
01/28/04	Sanchez Computer Assoc.	Fidelity National Financial Inc.
06/03/03	Premier Systems, Inc.	John Harland Co.
03/11/03	Precision Computer Systems	Fiserv Inc.
01/29/03	Alltel Information Services	Fidelity National Financial Inc.
11/14/02	EDS Consumer Network Svcs.	Fiserv Inc.
09/23/02	SPARAK Financial Systems	John Harland Co.
08/06/02	Interlinq Software Corp.	John Harland Co.
07/02/02	IFS	State Street Corp.
05/20/02	Easy Systems Inc.	John Harland Co.
05/17/02	Cogent	BNP Paribas
03/07/02	Hemisphere Group	Bisys Group Inc.
06/01/01	Universal Pensions Inc.	Bisys Group Inc.
01/22/01	GFS Technologies	Aurum Techonology
07/17/00	Concentrex Inc.	John Harland Co.
06/20/00	Mynd Corp.	Computer Sciences Corp.
06/02/00	Sys-Tech, Inc.	Jack Henry & Associates, Inc.

05/15/00	Symitar Systems Inc.	Jack Henry & Associates, Inc.
07/20/99	First Data Investor Services	PNC Financial Services
07/12/99	BancTec Financial Systems	Jack Henry & Associates, Inc.
05/03/99	ABR Information Services, Inc.	Ceridian Corp.
08/19/98	Peerless Group, Inc.	Jack Henry & Associates, Inc.
11/04/97	CUSA Technologies Inc.	Fiserv Inc.
03/03/97	BHC Financial Inc.	Fiserv Inc.

Greenhill derived from the selected transactions a reference range of enterprise value to LTM EBITDA of between 12.0x and 15.0x and a reference range of per share equity value to projected EPS of between 21.0x and 25.0x. Greenhill then calculated a range of implied prices per share of Ceridian common stock by applying the relevant multiple ranges to Ceridian s EBITDA for the twelve months ended March 31, 2007 and Ceridian s estimated EPS based on Ceridian management s estimated earnings for fiscal year 2007. For purposes of calculating Ceridian s enterprise and per share equity values, Greenhill assumed a net cash position of $285 million and a fully diluted share count of 147 million shares based on the treasury method.

This analysis indicated the following implied ranges of enterprise values as multiples of LTM EBITDA and estimated EPS for fiscal year 2007 as set forth below:

Enterprise / Per Share Equity Value as a Multiple of:	Range of Implied Multiples in Selected Transactions	Ceridian Per Share Price based on Selected Transaction Multiples	Implied Multiples for Ceridian Based on Merger Consideration
LTM EBITDA	12.0x to 15.0x	$ 32.09 to $39.63	13.6x
2007E EPS	21.0x to 25.0x	$ 27.30 to $32.50	27.7x

Based on this analysis, Greenhill derived an indicated valuation range of Ceridian common stock of between approximately $27 to approximately $40 per share. Greenhill compared this range to the merger consideration of $36 per share to be received by Ceridian s stockholders in the merger.

Sum of the Parts Analysis

Greenhill performed a sum of the parts review of Ceridian with respect to Ceridian s two business divisions, HRS and Comdata, to determine an implied value of the enterprise as a whole. For purposes of this analysis, Greenhill considered four scenarios:

- a spinoff of 100% of the equity of the Comdata division to Ceridian s stockholders;
- a spinoff of 100% of the equity of the Comdata division to Ceridian s stockholders, with the further assumption that each resulting company would trade at a premium due to market speculation that it would be the subject of a takeover (in this scenario, Greenhill assumed that a takeover would not occur prior to six months following the spinoff);
- a public offering by Ceridian of 20% of the common equity of the Comdata division, with the net proceeds applied to repurchase Ceridian common stock; and
- a sale of the Comdata division for cash, with the after-tax proceeds distributed to Ceridian stockholders.

Greenhill reviewed certain financial information for each of Ceridian s business divisions as prepared by Ceridian management and compared such information to the corresponding financial information, ratios and public market multiples for three publicly traded human resource services companies and three publicly traded payment and transaction processing and related service companies. The table below identifies the companies selected by Greenhill for this analysis.

HRS Comparables (Human resource services companies)	**Comdata Comparables (Payment / transaction processing and related services companies)**
•Affiliated Computer Services, Inc.	• Alliance Data Systems Corporation
•Automatic Data Processing, Inc.	• First Data Corporation
•Hewitt Associates, Inc.	• Wright Express Corporation

Greenhill calculated and compared various financial multiples and ratios for these selected companies based on publicly available data, including IBES estimates, public filings and other publicly available information.

Greenhill analyzed the following information for the selected companies, as well as for each of Ceridian s business divisions:

- enterprise value as a multiple of EBITDA for the twelve months prior to its most recently completed fiscal quarter end or, in the case of the spinoff scenario with the further assumption of takeover premiums, estimated EBITDA for fiscal year 2007; and

- share price of its common stock as a multiple of estimated EPS for fiscal year 2007 or, in the case of the spinoff scenario with the further assumption of takeover premiums, estimated EPS for fiscal year 2008.

In the case of Affiliated Computer Services, Inc., Alliance Data Systems Corporation and First Data Corporation, the multiples analyzed were those prior to announced change of control transactions involving such companies.

Based on these analyses, Greenhill selected the ranges of comparable enterprise value multiples of LTM EBITDA and share price multiples of 2007 estimated EPS indicated in the table below. In selecting the range of EBITDA and EPS multiples, Greenhill took into account the operating performance of the selected companies relative to the applicable divisions of Ceridian, including revenue growth and the growth and absolute level of profit margins.

Scenario	**EV / EBITDA***		**Share Price / EPS ****	
	HRS	**Comdata**	**HRS**	**Comdata**
Spinoff of Comdata division	8.0x to 11.0x	9.5x to 11.5x	17.0x to 22.0x	18.0x to 21.0x
Spinoff of Comdata division with further assumption of market speculation of a takeover	9.0x to 12.0x	12.0x to 16.0x	19.0x to 24.0x	22.0x to 26.0x
Public offering of 20% of Comdata division common equity	8.0x to 11.0x	9.5x to 11.5x	17.0x to 22.0x	18.0x to 21.0x
Sale of Comdata division	8.0x to 11.0x	12.0x to 16.0x	17.0x to 22.0x	22.0x to 26.0x

* Estimated EBITDA for fiscal year 2007 for spinoff of Comdata division with further assumption of market speculation of a takeover. LTM EBITDA for all other scenarios.

** Estimated EPS for fiscal year 2008 for spinoff of Comdata division with further assumption of market speculation of a takeover. Estimated EPS for fiscal year 2007 for all other scenarios.

For each of the scenarios described above, Greenhill then calculated an implied valuation range for each of the HRS and Comdata business divisions. In the scenario involving a public offering of 20% of the equity interest in the Comdata business division, Greenhill assumed that the offering price would reflect a discount of 10% to the implied per share equity valuation and Ceridian would incur fees and expenses of 7% of the gross offering price. Greenhill further assumed that Ceridian would apply the net proceeds of the public offering to repurchase outstanding Ceridian shares at $33.09 per share, the closing market price of Ceridian shares on May 24, 2007. In the scenario involving a sale of the Comdata business division for cash and the distribution of the after-tax proceeds to Ceridian s stockholders, Greenhill assumed that Ceridian would bear taxes equal to 37.5% of the taxable proceeds of the sale.

The table below presents the aggregate valuation ranges per share of Ceridian common stock derived by Greenhill under each scenario reviewed. For the scenarios involving a public offering of equity interests in the Comdata division or the sale of the Comdata division, the aggregate valuation ranges give effect to the further assumptions regarding the net proceeds and application thereof described above.

Scenario	**Approximate Aggregate Valuation Range (per share of Ceridian Common Stock)**	
Spinoff of Comdata division	$	23 - $28
Spinoff of Comdata division with further assumption of market speculation of a takeover	$	27 - $34
Public offering of 20% of Comdata division common equity	$	21 - $28
Sale of Comdata division	$	23 - $28

Greenhill compared the valuation ranges described above to the merger consideration of $36 per share to be received by Ceridian s stockholders in the merger.

Leveraged Buyout Analysis

Greenhill also performed an analysis that involved estimating the returns on investment that a potential purchaser that was not a strategic buyer but rather a financial buyer could expect from a purchase of Ceridian at different purchase prices in a leveraged buyout. Greenhill made several assumptions about the characteristics of such a transaction based on comparable company and precedent transactions analyses, including such factors as the refinancing of existing indebtedness and transaction leverage, fees and expenses, financing terms, minimum cash requirements and exit EBITDA multiples.

Greenhill evaluated the projected revenue, EBITDA and cash flow for a leveraged Ceridian during the period from 2007 to 2011, under both the management case and the analyst consensus case. Greenhill performed this analysis using a range of transaction leverage amounts of 6.0x to 10.0x LTM EBITDA (adjusted to add back non-cash compensation expense) and an acquirer s exit from its investment in Ceridian after five years at an implied enterprise value multiple of 10.0x to 14.0x 2011 EBITDA at different assumed purchase prices. Greenhill considered the range of internal rates of return and returns on investment that would be likely to be required by a financial buyer in a leveraged acquisition of Ceridian.

Based upon the assumptions described above, Greenhill determined an indicated valuation range per share of between approximately $32 to $40 using the management case, and an indicated valuation range per share of between approximately $30 to $35 using the analyst consensus case. Greenhill compared the valuation ranges described above to the merger consideration of $36 share to be received by Ceridian s stockholders in the merger.

Greenhill s Engagement

Ceridian s board of directors selected Greenhill as its financial advisor based on Greenhill s qualifications, experience and reputation. Greenhill is an internationally recognized investment banking firm that is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, restructurings and similar corporate finance transactions.

Under the terms of Greenhill s engagement with Ceridian, Ceridian agreed to pay Greenhill an advisory fee of $2 million ($1 million of which was payable on the date of Greenhill s engagement and the remainder of which became payable on March 15, 2007), a monthly retainer fee of $200,000 per month, which became payable from and after February 1, 2007, and a transaction fee which is expected to equal approximately $15 million and will become payable upon the completion of the merger. The full amount of the advisory fee is expected to be credited against the transaction fee. In addition, Ceridian has agreed to reimburse Greenhill for reasonable travel and other out-of-pocket expenses, including reasonable fees and expenses of counsel, and to indemnify Greenhill and related parties against liabilities relating to or arising out of its engagement.

Interests of Certain Persons in the Merger

In considering the recommendation of the Ceridian board of directors with respect to the merger agreement, Ceridian stockholders should be aware that some of the Ceridian directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Ceridian stockholders generally. These interests and arrangements may create potential conflicts of interest. The Ceridian board of directors was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that Ceridian stockholders vote in favor of approving and adopting the merger agreement.

Stock Options, Restricted Stock Units, Deferred Stock Units and Restricted Stock

- *Stock Options.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each outstanding option to acquire the Company s common stock, whether or not vested, that remains outstanding as of the closing of the merger will be cancelled and converted into the right to receive a cash payment equal to the number of shares of the Company s common stock underlying the option multiplied by the amount (if any) by which $36.00 exceeds the applicable exercise price of the option, less any applicable withholding taxes.

- *Restricted Stock Units.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each restricted stock unit will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

- *Deferred Stock Units.* Upon the completion of the merger, all amounts held in participant accounts under the deferred compensation plans that are denominated in the Company s common stock will be converted into the right to receive a cash payment equal to the number of shares of the Company s common stock deemed held in such accounts multiplied by $36.00, less any applicable withholding taxes. This amount will be payable or distributable in accordance with the terms of our deferred compensation plans.

- *Restricted Stock.* Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each share of restricted stock will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

We estimate the amounts that will be payable in settlement of stock options, restricted stock units, deferred stock units and restricted stock as follows: Ms. Marinello, $10,212,098, Mr. MacFarlane, $740,397 and Mr. Nelson, $6,437,615. We estimate the aggregate amount that will be payable to all directors and

executive officers in settlement of stock options, restricted stock units, deferred stock units and restricted stock to be $27,301,698.

Executive Employment Agreements

Ceridian has entered into executive employment agreements with Ms. Marinello, Mr. MacFarlane and Mr. Nelson as well as three other executive officers. The executive employment agreements provide for cash severance and other benefits in the event of a qualifying termination of employment following a change in control. Consummation of the merger will constitute a change in control for purposes of the executive employment agreements.

Each executive employment agreement requires Ceridian or its successor to provide to the applicable executive severance benefits, as described below, if, during the two-year period following a change in control of Ceridian, Ceridian or its successor terminates the executive s employment without cause or if the executive terminates his or her employment for good reason (as those terms are defined in the applicable employment agreement).

The severance benefits for each executive would include a lump sum payment that is equal to (i) the prorated portion of the executive s bonus that was earned at target levels for the year that termination of employment occurs, and (ii) three times the following:

- twelve months base salary;
- any bonus the executive would have received under all applicable Ceridian annual cash performance bonus programs for the year in which the termination of employment occurs had superior goals been achieved;
- for Ms. Marinello only, the annual cash performance bonus she would have received had she remained employed with Ceridian for the full year;
- for Mr. Nelson only, the annual cash amount paid in lieu of perquisites; and
- the highest annual aggregate amount of the employer contributions into our 401(k) Plan, the 401(k) restoration and the SERP contribution made into the Ceridian Corporation Deferred Compensation Plan in the last three years.

In addition, Mr. Nelson would receive continued premium payment for long-term care insurance coverage for him and his spouse and gross-up payments to put him in the same after-tax position as if no excise taxes under Section 280G of the Code had been imposed. Also, following a change in control termination, Ms. Marinello will receive until age 65 health and dental benefits and Messrs. Nelson and MacFarlane will receive until age 65 similar group health and welfare benefits as he received immediately prior to the change in control. Outplacement services (up to $50,000 for Ms. Marinello), relocation and attorney s fees would also be provided in certain circumstances.

Assuming the merger is completed in the fourth quarter of 2007 and that thereafter each executive officer s employment is terminated at that time by Ceridian without cause or voluntarily terminated at that time by the executive officer for good reason, the estimated cost of the cash severance benefits described above would be as follows: Ms. Marinello, $9,685,620, Mr. MacFarlane, $1,995,000 and Mr. Nelson, $2,341,122. The estimated aggregate cost of the cash severance benefits that would be payable to all executive officers based upon the foregoing scenario would be $21,496,442. We expect that the same amounts would be payable if following the annual meeting the board s nominees do not form a majority of the elected board of directors and the executives are terminated.

Management Arrangements

As of the date of this proxy statement, neither we, Parent nor any affiliate thereof has entered into any employment agreements with our management in connection with the merger, nor amended or modified any existing employment agreements. Parent has informed us that it currently intends to retain members of our management team following the merger, and that it anticipates that Kathryn V. Marinello, our chief executive officer, will continue as chief executive officer. Ms. Marinello, on behalf of herself and other members of management, is currently in discussions with Parent regarding terms of employment following the merger. Parent has also informed us that it may offer members of management the opportunity to invest in Parent (and/or a subsidiary thereof) following the merger on terms that are no more favorable to management than to THL Partners and FNF. Further, Parent has informed us that it intends to establish equity based incentive compensation plans for management of the surviving corporation, a substantial portion of which is likely to be allocated to our executive officers. The size of such equity based incentive compensation plans and the individual awards to be granted thereunder have not yet been finalized.

Management employment and equity investment arrangements following the merger were not discussed until shortly before the merger agreement was executed and were not finalized as of the date of the merger agreement or as of the date of this proxy statement. Although it is likely that certain members of our management team will enter into new arrangements with Parent or its affiliates regarding employment (and severance arrangements) with, and the right to purchase or participate in the equity of, Parent (and/or a subsidiary thereof), there can be no assurance that the parties will reach agreement. These matters are subject to further negotiations and discussion and no terms or conditions have been finalized. Any new arrangements are currently expected to be entered into at or prior to the completion of the merger.

Indemnification of Directors and Officers; Directors and Officers Insurance

In addition, the Ceridian directors and officers are entitled under the merger agreement to continued indemnification and insurance coverage. See The Merger Agreement Indemnification and Insurance.

Financing

In connection with the execution and delivery of the merger agreement, Merger Sub has obtained commitments (the Debt Commitment Letters) from Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Island Branch, Deutsche Bank Securities Inc., Credit Suisse, Cayman Islands Branch, and Credit Suisse Securities (USA) LLC to provide up to $3.7 billion in debt financing (the Debt Financing) ($3.4 billion of which is expected to be drawn at closing) consisting of: (1) senior secured credit facilities comprised of a $2.0 billion term loan B facility and a $300 million revolving credit facility (not expected to be drawn at closing) (the Senior Facility); (2) $1.0 billion in gross cash proceeds from, at Merger Sub s option, either (a) the issuance of senior notes in a public offering or Rule 144A or other private placement or (b) a senior bridge facility (the Senior Bridge Facility); and (3) $400 million in gross cash proceeds from, at Merger Sub s option, either (a) the issuance of senior subordinated notes in a public offering or Rule 144A or other private placement or (b) a senior subordinated unsecured bridge facility (the Subordinated Bridge Facility and, together with the Senior Facility and the Senior Bridge Facility, the Facilities).

In addition, Parent has received equity commitment letters from each of FNF and a fund affiliated with THL Partners (together with FNF, the Investors), pursuant to which, subject to the conditions contained therein, the Investors have agreed to make or cause to be made an aggregate cash capital contribution to Parent of up to $1.8 billion (the Equity Financing and, together with the Debt Financing, the Financing).

The Company and the Investors estimate that the total amount of funds necessary to complete the merger and the related transactions is anticipated to be approximately $5.5 billion, which includes approximately $5.3 billion to be paid out to the Company s stockholders and holders of equity-based interests in the Company, with the remaining funds being used to refinance the Company s existing bank credit facility and receivables financing arrangements and to pay customary fees and expenses in connection with the merger, the financing arrangements and the related transactions. These payments are expected to be funded by Parent and Merger Sub in a combination of Equity Financing from affiliates of the Investors and other investors in Parent, Debt Financing, and to the extent available, cash of the Company.

Equity Financing

The Investors have collectively agreed to cause up to $1.8 billion of cash to be contributed to Parent, which will constitute the equity portion of the Financing. Each of the Investors has delivered an equity commitment letter for $900 million to Parent. Subject to certain conditions, each of the Investors may assign a portion of its equity commitment obligation to others, provided that no such assignment will relieve the Investors of their obligations under the equity commitments.

Each of the equity commitments is generally subject to the satisfaction of the conditions to Parent s and Merger Sub s obligations to effect the closing under the merger agreement and consummation of the merger. Each of the equity commitment letters shall expire, subject to some exceptions, upon the earlier of (a) the closing of the purchase of 100% of the Company pursuant to the merger agreement and (b) the date of the termination of the merger agreement in accordance with its terms.

Debt Financing

In connection with the merger, Deutsche Bank AG New York Branch and Credit Suisse, Cayman Islands Branch have committed to provide $2.3 billion in loans under the Senior Facility, Deutsche Bank AG Cayman Island Branch and Credit Suisse, Cayman Islands Branch have committed to provide $1.0 billion in loans under the Senior Bridge Facility, and Deutsche Bank AG Cayman Island Branch and Credit Suisse, Cayman Islands Branch have committed to provide $400 million in loans under the Subordinated Bridge Facility. The Senior Bridge Facility and the Subordinated Bridge Facility are expected to be utilized to the extent that one or more offerings of notes in the aggregate amount equal to the commitments under those facilities have not been completed on or prior to the merger. The documentation for the Facilities will be based on the agreed term sheets attached to the commitment letter relating to the Facilities.

The Facilities contemplated by the Debt Financing documentation are conditioned on the merger being consummated prior to January 31, 2008 (or, if the end date (as defined in the merger agreement) is extended pursuant to the terms of the merger agreement, 30 days after the end date as so extended, but in no event later than June 12, 2008), as well as other customary conditions including:

- the execution of satisfactory definitive documentation;
- the receipt by Merger Sub of cash equity contributions which, together with any rollover equity, constitute an aggregate amount equal to at least 25% of the total debt and equity of Merger Sub after giving effect to the merger;
- the absence of any amendments or waivers to the merger agreement which are materially adverse to the lenders without the arrangers prior consent;
- the absence of a Company Material Adverse Effect (as defined in the merger agreement);
- the creation of security interests (subject to certain exceptions); and

- the payment of fees and expenses due to the arrangers and the lenders.

Parent has agreed to use its reasonable best efforts to arrange the Debt Financing on the terms and conditions described in the Debt Commitment Letters and the merger agreement. If any portion of the Debt Financing becomes unavailable on the terms and conditions contemplated in the Debt Commitment Letters, Parent must use its reasonable efforts to arrange to obtain alternative financing from alternative sources in an amount sufficient to consummate the merger and other transactions contemplated by the merger agreement on terms no more adverse to the Company as promptly as practicable following the occurrence of such event.

Although the Debt Financing described in this proxy statement is not subject to due diligence or a typical market out provision (i.e., a provision allowing lenders not to fund their commitments if certain conditions in the financial markets prevail) such financing may not be considered assured. As of the date of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event the Debt Financing described in this proxy statement is not available as anticipated.

Senior Facility. Deutsche Bank AG New York Branch and Credit Suisse, Cayman Islands Branch have committed to provide for a Senior Facility, which provides for loans of up to $2.3 billion and is comprised of (i) a term loan facility in the amount of $2.0 billion and (ii) a revolving credit facility in the amount of up to $300 million (which is not expected to be drawn at closing). The term loan facility may be used to finance a portion of the consideration for the merger, including, among other things, transaction costs. The revolving credit facility may be used (i) on the closing date in an amount up to $50 million to finance a portion of the consideration for the merger, to refinance existing indebtedness and to pay fees and expenses related thereto and (ii) on and after the closing date, to finance the working capital needs and general corporate purposes of the Company and its subsidiaries and for any other purpose not prohibited by the Senior Facility documentation.

Bridge Facilities. Deutsche Bank AG Cayman Island Branch and Credit Suisse, Cayman Islands Branch have committed to provide a Senior Bridge Facility, which provides loans up to $1.0 billion if an offering of senior unsecured notes is not completed on or prior to the merger, and a Subordinated Bridge Facility, which provides loans of up to $400 million if an offering of senior unsecured subordinated notes is not completed on or prior to the merger. To the extent utilized, the Senior Bridge Facility and the Subordinated Bridge Facility will be used to finance a portion of the consideration for the merger, and including, among other things, transaction costs.

Limited Guarantee

In connection with the merger agreement, FNF and Thomas H. Lee Equity Fund VI, L.P. (the Guarantors) each entered into a limited guarantee (the Limited Guarantees) with the Company, under which the Guarantors have severally guaranteed the due and punctual performance by Parent and Merger Sub of their respective payment obligations under Section 7.2(c) of the merger agreement, up to a maximum amount of $82.5 million per Guarantor. The Limited Guarantees will remain in full force and effect until all amounts payable under the Limited Guarantees have been indefeasibly paid, observed, performed or satisfied in full. The Limited Guarantees shall terminate and the Guarantors shall have no further obligations under the Limited Guarantees as of the earlier of (1) the closing of the merger and (2) the first year anniversary of any termination of the merger agreement in accordance with its terms, except as to any claim for payment of any obligation under Section 7.2(c) of the merger agreement presented by the Company to Parent, Merger Sub or the Guarantors by such first anniversary.

Regulatory and Other Governmental Approvals

Certain regulatory requirements imposed by U.S. and foreign regulatory authorities must be complied with before the merger is completed.

U.S. Antitrust

Under the provisions of the HSR Act and the rules and regulations promulgated thereunder, the merger may not be completed until notifications have been submitted to the FTC and the Antitrust Division of the DOJ, and specified waiting period requirements have been satisfied. The initial waiting period is 30 days after both parties have filed the applicable notifications, but this period may be extended if the reviewing agency issues a formal request for additional information and documentary material, referred to as a second request. If the reviewing agency issues a second request, the parties may not complete the merger until 30 days after both parties substantially comply with the second request, unless the waiting period is terminated earlier by the reviewing agency or extended with the parties consent. Ceridian and Parent have filed their respective notification and report forms with the FTC and the Antitrust Division of the DOJ under the HSR Act as of June 14, 2007.

Other Competition Laws

Ceridian and the affiliates of Parent conduct operations in a number of other jurisdictions where other regulatory filings may be required or advisable in connection with the completion of the merger. Under the merger agreement, we are required to obtain these approvals prior to completing the merger, except where the failure to obtain such approvals would not have, individually or in the aggregate, a Material Adverse Effect on Ceridian. We currently expect that the Company and Parent will obtain approval or otherwise file a merger notification in Germany.

State Regulation of Licensed Money Transmitters, Sellers of Checks and Payroll Processors

Because Comdata Network, Inc. or one or more of its affiliates are licensed money transmitters, sellers of checks and/or payroll processors the merger is also subject to the receipt of necessary approvals from various U.S. state regulatory authorities. These state licensing laws and regulations (generally referred to as money transmitter licensing laws) generally require that, prior to the direct or indirect acquisition of control of a licensed money transmitter, seller of checks or payroll processor company domiciled or doing business in a state, the licensee and/or acquiror must notify the state regulatory authority and, in some cases, obtain the prior approval of the state regulatory authority. In this regard, the Company s, Parent s and Merger Sub s respective obligations to effect the merger are conditioned on all consents, approvals and actions of, filings with and notices to, any state governmental authority with respect to the licenses held by Comdata Network, Inc. or its affiliates as a seller of checks, money transmitter, or payroll processor required in connection with consummation of the merger on the terms contemplated by the merger agreement (including the terms of the financing contemplated by the merger agreement) shall have been obtained or made. In connection with this condition, under the terms of the merger agreement Parent, Merger Sub, the Company and its subsidiaries are required to use commercially reasonable efforts to effect intra-Company restructurings of the respective money transmitter, seller of checks or payroll processor in states accounting for up to five percent (5%) of the consolidated revenues of Comdata Network, Inc. in 2006, in a manner that does not materially and adversely affect the business or operations of the Company and its subsidiaries in such states. Also in connection with this condition, the Company and its subsidiaries are required to take all actions reasonably requested by Parent, including intra-Company restructurings of the respective money transmitter, seller of checks or payroll processor licensees in the various states (regardless of the revenue generated); provided that the Company may condition any such restructurings or other actions that adversely affect the Company such that they become effective only at the effective time of the merger. The Company anticipates that notifications and/or regulatory filings with respect to the licenses held by Comdata Network, Inc. or its affiliates as a seller of checks, money transmitter or payroll processor will need to be made with the following states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington,

West Virginia, Wisconsin, Wyoming. The Company and Parent are in the process of providing the necessary notices and/or making the necessary filings.

General

At any time before or after the completion of the merger, the FTC, the Antitrust Division of the DOJ, foreign competition authorities, or state attorneys general could take action under the antitrust laws, as they deem necessary or desirable in the public interest, seeking to enjoin completion of the merger, to rescind the merger, or conditionally to approve the merger upon the divestiture of particular businesses or assets of Ceridian or Parent. Private parties also may seek to take action under the antitrust laws under certain circumstances. As in every transaction, there can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such challenge is made, that it would not be successful. Nor can we assure you that the necessary regulatory approvals will not contain terms, conditions or restrictions that would be detrimental to Ceridian after the completion of the merger. Under the terms of the merger agreement, Parent is required to take all actions necessary to obtain regulatory approvals, including divestitures and operational restrictions or limitations, so long as such actions would not involve assets or operations of Parent or any of its affiliates and would not result in divestiture of businesses, product lines, or assets that accounted for 15% or more of Ceridian s and its subsidiaries consolidated 2006 EBITDA.

Financial Projections

The Company does not as a matter of course make public projections as to its future performance, earnings or other results, and is especially wary of making projections for earnings periods due to the unpredictability of the underlying assumptions and estimates. However, in connection with the due diligence review of the Company by interested parties, the Company provided to THL Partners and FNF and to other interested parties certain non-public financial projections. The Company also provided these internal financial projections to the board and its financial and legal advisors. We have included below a summary of these projections to give our stockholders access to certain non-public information that was furnished to third parties and was considered by the financial advisors and by our board for purposes of evaluating the merger. These projections were prepared on a basis consistent with the accounting principles used in our historical financial statements.

We prepared the internal financial projections that are set forth below at the dates indicated for internal use and to assist the financial advisors to the board and other parties in their due diligence investigations of the Company, and not with a view toward public disclosure or toward compliance with GAAP, the published guidelines of the SEC regarding projections, or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither the Company s independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the prospective financial information contained in the projections, nor have they expressed any opinion or given any form of assurance on the projections or their achievability. We based these internal financial projections on numerous estimates, variables and assumptions that are inherently subject to economic and competitive uncertainties, all of which are difficult to predict and beyond the control of the Company s management and may not prove to have been, or may no longer be, accurate. Important factors that may affect actual results and result in the forecasted results not being achieved include, but are not limited to: changes in market conditions; regulatory and judicial rulings; competition and other economic conditions; changes in interest rates; changes in accounting standards; adverse results from litigation, governmental investigations or tax-related proceedings or audits; the effect of labor strikes, lock-outs and negotiations; the effect of acquisitions, investments and divestitures; the effect of derivative transactions; the Company s reliance on third-party vendors for various services; the effect of the merger; and other risks described in our Annual Report on Form 10-K, as amended, filed with the SEC for the fiscal year ended December 31, 2006, as amended.

Furthermore, we prepared the internal financial projections at the dates indicated below, and they do not necessarily reflect revised prospects for the Company s business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the projections were prepared. Moreover, the projections are not necessarily indicative of future performance, which may be significantly more or less favorable than as contemplated by the projections and accordingly should not be regarded as a representation that they will be achieved. In addition, we prepared the projections prior to the board s approval of the merger and, accordingly, the projections do not reflect the effects of such transactions. Since the date of the projections, the Company has made publicly available the results of operations for the fiscal quarter ended March 31, 2007. Stockholders should review the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as amended, and the Company s Quarterly Report on Form 10-Q dated for the fiscal quarter ended March 31, 2007 to obtain this information.

You should not regard the inclusion of the internal financial projections in this proxy statement as an indication that the Company or its affiliates, advisors or representatives considered or consider the projections to be predictive of actual future events, and the projections should not be relied upon as such. None of the Company or its affiliates, advisors, officers, directors or representatives can give you any assurance that actual results will not differ from the projections, and none of them undertakes any obligation to update or otherwise revise or reconcile the projections to reflect circumstances existing after the date such projections were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. The Company does not currently intend to make publicly available any update or other revisions to the projections. None of the Company or its affiliates, advisors, officers, directors or representatives has made or makes any representation to any stockholder or other person regarding the ultimate performance of the Company compared to the information contained in the projections or that projected results will be achieved. The Company has made no representation to any party, in the merger agreement or otherwise, concerning the projections.

Company Projected Financial Information

As described above, in March 2007 the Company provided the following financial projections (2007 Management Projections) to the board and its advisors as well as to other interested parties.

CERIDIAN CORPORATION
SUMMARY CONSOLIDATED FINANCIAL DATA

($ in millions)

	2007		2008	2009	2010	2011
Revenues						
HRS	$ 1,169		$ 1,275	$ 1,403	$ 1,557	$ 1,739
Comdata	535		596	679	774	882
Total	1,705		1,871	2,082	2,331	2,622
EBIT						
HRS	119		164	214	275	354
Comdata	163		196	222	252	287
Total	284	(1)	360	436	527	641
EBITDA						
HRS	185		233	291	360	452
Comdata	180		216	242	271	311
Total	367	(1)	449	533	632	763
Capital Expenditures						
HRS	41		64	64	65	62
Comdata	19		18	21	23	27
Total	60		82	85	88	89
Increase/(Decrease) in Working Capital	68		77	62	71	83

(1) Includes a $2 million corporate level allocation.

United States Federal Income Tax Consequences

If the merger is consummated, sales of shares for cash pursuant to the merger will be taxable transactions for U.S. federal income tax purposes. The following is a discussion of the material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) whose shares of Ceridian common stock are converted into the right to receive cash in the merger. The discussion is based upon the Code, Treasury regulations, Internal Revenue Service published rulings and judicial and administrative decisions in effect as of the date of this proxy statement, all of which are subject to change (possibly with retroactive effect) and to differing interpretations. The following discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to our stockholders. This discussion applies only to stockholders who, on the date on which the merger is completed, hold shares of Ceridian common stock as a capital asset within the meaning of section 1221 of the Code. The following discussion does not address taxpayers subject to special treatment under U.S. federal income tax laws, such as insurance companies, financial institutions, dealers in securities or currencies, traders of securities that elect the mark-to-market method of accounting for their securities, persons that have a functional currency other than the U.S. dollar, tax-exempt organizations, mutual funds, real estate investment trusts, S corporations or other pass-through entities (or investors in an S corporation or other pass-through entity) and taxpayers subject to the alternative minimum tax. In addition, the following discussion may not apply to stockholders who acquired their shares of Ceridian common stock upon the exercise of employee stock options or otherwise as compensation for services or through a tax-qualified retirement plan or who hold their shares as part of a hedge, straddle, conversion transaction or other integrated transaction.

If Ceridian common stock is held through a partnership, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. It is recommended that partnerships that are holders of Ceridian common stock and partners in such partnerships consult their own tax advisors regarding the tax consequences to them of the merger.

This discussion also does not address potential alternative minimum tax, foreign, state, local and other tax consequences of the merger. All stockholders should consult their own tax advisors regarding the U.S. federal income tax consequences, as well as the foreign, state and local tax consequences of the disposition of their shares in the merger.

For purposes of this summary, a U.S. holder is a beneficial owner of Ceridian common stock shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any state of the United States or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source;
- a trust if (1) a U.S. court is able to exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust; or (2) it was in existence on August 20, 1996 and has a valid election in place to be treated as a domestic trust for U.S. federal income tax purposes; or
- otherwise is subject to U.S. federal income taxation on a net income basis.

Except with respect to the backup withholding discussion below, this discussion is confined to the tax consequences to a stockholder that is a U.S. holder for U.S. federal income tax purposes.

For U.S. federal income tax purposes, the disposition of Ceridian common stock pursuant to the merger generally will be treated as a sale of Ceridian common stock for cash by each of our stockholders. Accordingly, in general, the U.S. federal income tax consequences to a stockholder receiving cash in the merger will be as follows:

- The stockholder will recognize a capital gain or loss for U.S. federal income tax purposes upon the disposition of the stockholder s shares of Ceridian common stock pursuant to the merger.
- The amount of capital gain or loss recognized by each stockholder will be measured by the difference, if any, between the amount of cash received by the stockholder in the merger (other than, in the case of a dissenting stockholder, amounts, if any, which are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and the stockholder s adjusted tax basis in the shares of Ceridian common stock surrendered in the merger. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) surrendered for cash in the merger.
- The capital gain or loss, if any, will be long-term with respect to shares of Ceridian common stock that have a holding period for tax purposes in excess of one year at the effective time of the merger. Long-term capital gains of individuals are eligible for reduced rates of taxation. There are limitations on the deductibility of capital losses. A dissenting stockholder may be required to recognize any gain or loss in the year the merger closes, irrespective of whether the dissenting stockholder actually receives payment in that year.

Cash payments made pursuant to the merger will be reported to our stockholders and the Internal Revenue Service to the extent required by the Code and applicable Treasury regulations. Non-corporate stockholders may be subject to back-up withholding at a rate of 28% on any cash payments they receive. Stockholders who are U.S. holders generally will not be subject to backup withholding if they: (1) furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the

substitute Form W-9 included in the election form/letter of transmittal they are to receive or (2) are otherwise exempt from backup withholding. Stockholders who are not U.S. holders should complete and sign a Form W-8BEN (or other applicable tax form) and return it to the paying agent in order to provide the information and certification necessary to avoid backup withholding tax or otherwise establish an exemption from backup withholding tax. Certain of our stockholders will be asked to provide additional tax information in the letter of transmittal for the shares of Ceridian common stock.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

The foregoing is a general discussion of certain material U.S. federal income tax consequences. We recommend that you consult your own tax advisor to determine the particular tax consequences to you (including the application and effect of any foreign, state or local income and other tax laws) of the receipt of cash in exchange for shares of Ceridian common stock pursuant to the merger.

Litigation

On June 5, 2007, the Minneapolis Firefighters Relief Association filed a purported class action complaint in the Delaware Court of Chancery, Civil Action No. 2996-CC, against Ceridian, our directors, THL Partners, FNF, Parent and Merger Sub challenging the proposed transaction as inadequate and unfair to Ceridian s public stockholders. The complaint alleges that the directors breached their fiduciary duties and that THL Partners, FNF, Parent and Merger Sub aided and abetted the alleged breaches of fiduciary duty in entering into the merger agreement. The complaint seeks, among other relief, class certification of the lawsuit, declaratory relief, an injunction against the proposed transaction, compensatory damages to the putative class, and an award of attorneys fees and expenses to plaintiff.

On June 6, 2007, plaintiff moved for a preliminary injunction and expedited trial with respect to certain provisions of the merger agreement, including Section 7.1(j) thereof, which provides that Parent may terminate the merger agreement if a majority of the board s nominees are not elected at the annual meeting. On June 11, 2007, plaintiff filed a petition pursuant to Section 211 of the Delaware General Corporation Law seeking an order requiring Ceridian to hold an annual meeting of its shareholders following the adjudication of the validity of Section 7.1(j). Ceridian believes that an expedited resolution of the validity of Section 7.1(j) in advance of the election of directors is in the best interest of Ceridian and its stockholders, and did not oppose plaintiff s request for expedited proceedings on that issue. The Court of Chancery has ordered a trial on that issue for August 1 and 2, 2007. Defendants believe that plaintiff s lawsuit is without merit and intend to defend it vigorously.

Appraisal Rights

Delaware law provides stockholders with appraisal rights with respect to the merger. This means that if you fully comply with the procedures for perfecting appraisal rights provided for under Delaware law, Delaware law entitles you to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation in lieu of the merger consideration. The ultimate amount you receive in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement. To exercise your appraisal rights, you must deliver a written demand for appraisal to the Company before the vote on the merger agreement at the annual meeting and you must not vote in favor of the adoption of the merger agreement. Your failure to strictly follow the procedures specified under Delaware law will result in the loss of your appraisal rights. A copy of Section 262 of the Delaware General Corporation Law is attached to this proxy statement as Annex D. We encourage you to consult your legal advisor if you intend to seek appraisal. See Appraisal Rights on page 55.

THE MERGER AGREEMENT

The following is a summary of certain material provisions of the merger agreement, a copy of which is attached as Annex A to this proxy statement and which we incorporate by reference herein. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety, as the rights and obligations of the parties are governed by the express terms of the merger agreement and not by this summary or any other information contained in this proxy statement.

The description of the merger agreement in this proxy statement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to the Company, Parent, and Merger Sub as of specific dates. The statements embodied in those representations and warranties were made for purposes of that contract among the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract.

Effective Time; Structure

At the effective time (as defined below) of the merger, Merger Sub will be merged with and into Ceridian, with Ceridian surviving the merger as a wholly owned subsidiary of Parent. The effective time will occur at the time that Ceridian files a certificate of merger with the Secretary of State of the State of Delaware on the closing date of the merger (or such later time as Merger Sub and the Company may agree and as provided in the certificate of merger). The closing date will occur no later than the fifth business day (subject to certain adjustments related to the marketing period, as described below) after satisfaction or waiver of the conditions to the merger (other than those conditions that are to be satisfied at the closing) set forth in the merger agreement (or such other date as the Company and Parent may agree), as described below under The Merger Agreement Conditions to the Merger.

Notwithstanding the satisfaction or waiver of the conditions to the merger, Parent will not be required to effect the closing until the earliest of (a) a date during the marketing period (as defined below) specified by Parent, (b) the third business day following the final day of the marketing period and (c) the end date of the merger agreement, which is December 31, 2007, but is extendible to March 31, 2008, under certain circumstances.

Treatment of Ceridian Common Stock

In the merger, the outstanding shares of Company common stock, other than shares held by stockholders exercising appraisal rights under Delaware law, will be converted into the right to receive $36.00 per share in cash.

Treatment of Merger Sub Common Stock

In the merger, the outstanding shares of Merger Sub common stock will be converted into shares of the Company as the surviving corporation, so that Parent will own all the outstanding shares of the Company following the merger.

Representations and Warranties

The merger agreement contains representations and warranties made by the Company to Parent and Merger Sub, and representations and warranties made by Parent and Merger Sub to the Company. These representations and warranties are subject to important limitations and qualifications agreed to by the parties in connection with negotiating the terms of the merger agreement. In particular, the representations that the Company made are qualified by filings that the Company made with the SEC after December 31, 2005 and prior to the date of the merger agreement (other than risk factor and similar

cautionary disclosure contained in such filings), as well as by a confidential disclosure schedule that the Company delivered to Parent and Merger Sub concurrently with the signing of the merger agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to contractual standards of materiality different from those generally applicable to public disclosures to stockholders, or may have been used for the purpose of allocating risk among the parties rather than establishing matters of fact. For the foregoing reasons, you should not rely on the representations and warranties contained in the merger agreement as statements of factual information. The Company s material representations and warranties relate to:

- the Company s and its subsidiaries proper organization, good standing and qualification to do business;
- the Company s capitalization, including the number of outstanding shares of Ceridian common stock and preferred stock, stock options and other equity-based interests;
- the Company s corporate power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;
- the absence of violations of or conflicts with the Company s and its subsidiaries governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger and the other transactions contemplated by the merger agreement;
- the timeliness and compliance with SEC requirements of the Company s SEC filings since December 31, 2005, including the accuracy of and compliance with GAAP and SEC requirements of the financial statements contained therein;
- the adequacy of the Company s disclosure controls and procedures and internal controls over financial reporting;
- the absence of undisclosed liabilities;
- permits and compliance with applicable legal requirements;
- environmental matters;
- matters relating to employee benefit plans;
- the absence of certain changes since December 31, 2006 and the absence of certain changes since the date of the merger agreement;
- legal proceedings and investigations;
- accuracy and compliance with applicable securities law of filings made by the Company with the SEC in connection with the merger agreement;
- amendment of the Company s rights plan;
- tax matters;
- employment and labor matters affecting the Company or its subsidiaries;
- intellectual property;

- the receipt by the board of an opinion from Greenhill as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of Ceridian common stock (other than affiliates of, or holders of beneficial interests in, Parent or Merger Sub);

- the required vote of the Company s stockholders in connection with the required adoption of the merger agreement and approval of the merger;

-41-

- material contracts and performance of obligations thereunder;
- insurance; and
- absence of undisclosed brokers fees.

Many of the Company s representations and warranties are qualified by a materiality standard or a Company Material Adverse Effect standard. For the purposes of the merger agreement, Company Material Adverse Effect means any facts, circumstances, events or changes that are reasonably likely to be materially adverse to the business, financial condition, assets, liabilities, or continuing operations of the Company and its subsidiaries, taken as a whole, or that have a material adverse effect on the ability of the Company to perform its obligations under the merger agreement, or to consummate the merger.

However, a Company Material Adverse Effect will not include facts, circumstances, events or changes resulting from:

- changes in general economic or political conditions or the securities, credit or financial markets in general;
- general changes or developments in the industries in which the Company and its subsidiaries operate, including general changes in law or regulation across such industries;
- any acts of terrorism or war;
- changes in GAAP or the interpretation thereof;
- the announcement of the merger agreement or the pendency or consummation of the merger;
- the identity of Parent or any of its affiliates as the acquiror of the Company;
- the taking of any action required by the merger agreement; or
- any litigation arising from allegations of a breach of fiduciary duty or other violation of applicable law relating to the merger agreement or the transactions contemplated thereby.

The exceptions described in the first four bullet points above will apply except to the extent such facts, circumstances, events, changes or developments have a disproportionate impact on the Company and its subsidiaries, taken as a whole, relative to other companies in the industries or in the geographic markets in which the Company conducts its businesses after taking into account the size of the Company relative to such other companies.

The parties also have agreed that any decline in the stock price of the Ceridian common stock or any failure to meet internal or published projections, forecasts or revenue or earning predictions for any period will not, in and of itself, constitute a Company Material Adverse Effect, but the underlying causes of such decline or failure will be considered to the extent applicable in determining whether there is a Company Material Adverse Effect.

The merger agreement also contains various representations and warranties made by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications. The material representations and warranties relate to:

- organization, valid existence and good standing;
- corporate or other power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;
- enforceability of the merger agreement as against Parent and Merger Sub;

-42-

- required consents and approvals of governmental entities in connection with the consummation of the merger and the other transactions contemplated by the merger agreement;

- the absence of any violation of or conflict with their governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger and the other transactions contemplated by the merger agreement;

- financing;

- no vote of Parent stockholders;

- governmental investigations and litigation;

- accuracy and compliance with applicable securities law of the information supplied by Parent and Merger Sub for inclusion in the filings made with the SEC in connection with the merger and the other transactions contemplated by the merger agreement;

- capitalization of Merger Sub;

- lack of ownership of Ceridian common stock;

- absence of undisclosed broker s fees;

- indebtedness; and

- absence of arrangements with management of the Company.

Many of Parent and Merger Sub s representations and warranties are qualified by a Parent Material Adverse Effect standard. For the purposes of the merger agreement, Parent Material Adverse Effect means an effect that prevents or materially delays or materially impairs the ability of Parent or Merger Sub to consummate the merger and the transactions contemplated by the merger agreement.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time.

Conduct of Business Pending the Merger

Under the merger agreement, the Company has agreed that, subject to certain exceptions, from and after the date of the merger agreement and until the effective time of the merger or the date, if any, on which the merger agreement is earlier terminated:

- the Company and its subsidiaries will conduct their business in the ordinary course of business in a manner consistent with past practice; and

- the Company and its subsidiaries will use commercially reasonable efforts to preserve substantially intact the Company s business and preserve their relationships with customers, suppliers, and others having business dealings with them.

The Company has also agreed that during the same time period, except as otherwise contemplated by the merger agreement, the Company and its subsidiaries will not (unless Parent gives its prior written consent):

- authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its subsidiaries), except for dividends paid by

wholly owned subsidiaries of the Company;

- split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, except

for any such transaction by a wholly owned subsidiary of the Company which remains a wholly owned subsidiary after giving effect to such transaction;

- except as required by certain existing benefits plans, increase the compensation or benefits of Ceridian employees and directors, subject to customary exceptions;

- establish, adopt, enter into or amend any collective bargaining agreement, plan, trust, fund, policy or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, except as would not result in a material increase in cost to the Company;

- change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP, SEC rule or policy or applicable law;

- amend any provision of its certificate of incorporation or bylaws or similar applicable charter documents;

- except for transactions among the Company and its wholly owned subsidiaries or among the Company s wholly owned subsidiaries, issue, sell, pledge, dispose of or encumber, or authorize any of the foregoing in respect of shares of capital stock or other ownership interests in the Company or any of its subsidiaries, other than certain permitted issuances of shares relating to certain stock options;

- except among the Company and its wholly owned subsidiaries or among the Company s wholly owned subsidiaries, purchase, redeem or otherwise acquire any shares of capital stock or other equity securities or any rights, warrants or options to acquire any such equity securities;

- incur, assume, guarantee, prepay or otherwise become liable for any indebtedness for borrowed money except for (1) indebtedness for borrowed money among the Company and its wholly owned subsidiaries or among the Company s wholly owned subsidiaries; (2) indebtedness for borrowed money incurred to replace any existing indebtedness on no less favorable terms; (3) guarantees by the Company of indebtedness for borrowed money of subsidiaries; (4) indebtedness for borrowed money incurred pursuant to agreements in effect prior to the execution of the merger agreement or the issuance of new commercial paper by the Company, in each case in the ordinary course of business consistent with past practice; (5) indebtedness for borrowed money in an amount not to exceed $5 million, plus any amounts needed by the Company to consummate the transactions set forth in the appropriate section of the Company s disclosure schedule, in aggregate principal amount outstanding at any time incurred by the Company or any of its subsidiaries;

- except among the Company and its wholly owned subsidiaries or among the Company s wholly owned subsidiaries, sell, lease, license, transfer, exchange or swap, mortgage or otherwise encumber or otherwise dispose of any material portion of its properties or assets, except sales of inventory in the ordinary course and pursuant to existing agreements, or as contemplated by the merger agreement to obtain regulatory approvals;

- modify, amend, terminate or waive any rights under certain material contracts in any material respect in a manner that is adverse to the Company;

- enter into certain material contracts other than in the ordinary course of business consistent with past practice, or enter into any collective bargaining agreement;

- make, change or revoke any material tax election; file any material amended tax return or settle or compromise any material liability for taxes; change any accounting method in respect of a material amount of taxes; prepare any tax return in a manner not consistent with past practice, or incur any material liability for taxes other than in the

ordinary course of business;

- make capital expenditures that (1) involve the purchase of material real property or (2) are in excess of $500,000 individually or $5 million in the aggregate, except for any capital expenditures provided for in the capital expenditure plan previously made available to Parent;

- directly or indirectly acquire (1) by merging or consolidating with, or by purchasing all of or a substantial equity interest in, or by any other manner, any person or division, business or equity interest of any person or (2) except in the ordinary course of business consistent with past practice, any assets that, individually, have a purchase price in excess of $500,000 or, in the aggregate, have a purchase price in excess of $5 million;

- make any investment in, or loan or advance to, any person, other than travel and similar advances to its employees in the ordinary course of business consistent with past practice and other than a direct or indirect wholly owned subsidiary of the Company in the ordinary course of business;

- pay, discharge, settle or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than reflected or reserved against in the most recent consolidated financial statements (or the notes thereto) of the Company included in its SEC filings since December 31, 2005 or incurred since the date of such financial statements in the ordinary course of business consistent with past practice;

- settle any material litigation; or

- agree, or permit any of its subsidiaries, to take any of the foregoing actions.

In addition, Parent has agreed, on behalf of itself and its subsidiaries, that prior to the merger, it will not, and will not permit any of its subsidiaries to, take or agree to take any action (including entering into agreements with respect to any acquisitions, mergers, consolidations or business combinations) which would reasonably be expected to prevent or materially delay or impair the ability of Parent or Merger Sub to consummate the merger.

No Solicitation of Transactions

Until completion of the merger or the earlier termination of the merger agreement, and subject to the exceptions described below, the Company has agreed not to, and to use its reasonable best efforts to cause its representatives not to:

- solicit, initiate, cause or knowingly encourage any inquiries with respect to, or the making, submission or announcement of, any Alternative Proposal (as defined below);

- participate in any negotiations regarding an Alternative Proposal, or furnish any information regarding the Company or an Alternative Proposal, to any person that has made or is considering making an Alternative Proposal; or

- engage in discussions regarding an Alternative Proposal with any person that has made or is considering making an Alternative Proposal.

Alternative Proposal means any bona fide inquiry, proposal, or offer from any person or group of persons, prior to the receipt of Company stockholder approval of the merger agreement and approval of the merger (other than a proposal or offer by Parent and any of its subsidiaries), for:

- a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving the Company;

- the acquisition by any person or group of persons of assets representing 15% or more of the fair market value of the assets of the Company and its subsidiaries; or

-45-

- the acquisition by any person or group of persons of 15% or more of the outstanding shares of Ceridian common stock.

The Company is required to promptly notify Parent of any Alternative Proposal and include in such notice the identity of the person making any Alternative Proposal and the material terms of any such Alternative Proposal and shall include a copy of such proposal.

The parties have agreed, however, that the Company may take the following actions (after notifying Parent of its intent to do so and receiving a signed agreement from the third party containing confidentiality provisions that are no less favorable to the Company than those contained in the confidentiality agreements between the Company and THL Partners and FNF, respectively), prior to the receipt of Company stockholder approval of the merger agreement, in response to a bona fide written Alternative Proposal that the board determines in good faith constitutes a Superior Proposal (as defined below) or is reasonably likely to result in a Superior Proposal, if the board determines in good faith, after consultation with outside legal counsel, that the failure to take such actions would be reasonably likely to be inconsistent with the directors exercise of their fiduciary duties:

- furnish information to the third party making the Alternative Proposal; and

- engage in discussions with the third party with respect to the Alternative Proposal.

Parent will be entitled to receive a copy of the confidentiality agreement referred to above and the Company will at the same time provide Parent any information that is provided to the third party making the Alternative Proposal. In addition, the Company has agreed to keep Parent reasonably informed regarding the Alternative Proposal and material developments with respect thereto.

The Company has also agreed, subject to the exceptions described below, that neither the board nor any committee thereof will:

- withdraw or modify, or propose publicly to withdraw or modify in a manner adverse to Parent, the approval or recommendation by the board of the merger agreement;

- approve or recommend, or propose publicly to approve or recommend, any Alternative Proposal; or

- fail to recommend that stockholders not tender their shares in any tender offer within 15 business days of the commencement of such tender or exchange offer.

Any of the foregoing actions constitute a Change of Recommendation under the merger agreement. If the board determines in good faith, after consultation with outside legal counsel, that failure to effect a Change of Recommendation would be reasonably likely to be inconsistent with the exercise of its fiduciary duties, the board may make a Change of Recommendation.

In addition, the Company has also agreed that neither the board nor any committee thereof will approve or recommend, or propose publicly to do so, any agreement with respect to an Alternative Proposal. However, in response to a Superior Proposal, the board may cause the Company to terminate the merger agreement and concurrently with such termination enter into an agreement related to an Alternative Proposal, subject to satisfaction by the Company of its termination fee obligations under the merger agreement, and provided that the board may only exercise its termination rights after the third business day following Parent s receipt of a written notice from the Company advising Parent that the board intends to terminate the merger agreement and specifying its reasons, including a description of the material terms of the Superior Proposal that is the basis for the proposed termination. During those three days the Company has agreed to negotiate with Parent and its representatives in good faith regarding any proposed revisions to the terms of the merger.

Superior Proposal means a bona fide, written offer made by a third party to acquire, directly or indirectly, more than 66⅔% of the equity securities of the Company or of the fair market value of the assets of the Company and its subsidiaries on a consolidated basis, which the board determines in good faith, after consultation with the Company s financial and legal advisors, and considering such factors as the board considers to be appropriate (including the timing and likelihood of consummation of such proposal), are more favorable to the Company and its stockholders from a financial point of view than the transactions contemplated by the merger agreement.

Stockholders Meeting

The Company has agreed, as promptly as reasonably practicable following the mailing of this proxy statement, to call and hold a meeting of the Company s stockholders for the purpose of obtaining the stockholders adoption of the merger agreement and approval of the merger. The Company is required to use all reasonable efforts to solicit stockholder proxies in favor of the approval of the merger agreement and the transactions contemplated by the merger agreement, subject to a Change in Recommendation.

Equity Awards

- *Stock Options*. Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each outstanding option to acquire the Company s common stock, whether or not vested, that remains outstanding as of the closing of the merger will be cancelled and converted into the right to receive a cash payment equal to the number of shares of the Company s common stock underlying the option multiplied by the amount (if any) by which $36.00 exceeds the applicable exercise price of the option, less any applicable withholding taxes.

- *Restricted Stock Units*. Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each restricted stock unit will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

- *Deferred Stock Units*. Upon the completion of the merger, all amounts held in participant accounts under the deferred compensation plans that are denominated in the Company s common stock will be converted into the right to receive a cash payment equal to the number of shares of the Company s common stock deemed held in such accounts multiplied by $36.00, less any applicable withholding taxes. This amount will be payable or distributable in accordance with the terms of our deferred compensation plans.

- *Restricted Stock*. Upon the completion of the merger, except as otherwise agreed by Parent and a holder, each share of restricted stock will be cancelled and converted into the right to receive a cash payment equal to $36.00, less any applicable withholding taxes.

Employee Benefits

For all purposes under any employee benefit plans of Parent and its subsidiaries providing benefits to employees of the Company after the effective time, each employee will be credited with his or her years of service with the Company under the employee benefit plans of Parent to the same extent that he or she was entitled to credit for service under the Company s similar benefit plans prior to the effective time, other than with respect to accruals under any defined benefit pension plan. Each employee will be immediately eligible to participate in Parent s new employee benefit plans that replace a similar or comparable old benefit plan under which the employee participated. In addition, for new plans of Parent, preexisting condition exclusions and similar requirements will be waived to the extent they were waived under the Company s old plans, and eligible expenses incurred by an employee during the portion of the year prior to consummation of the merger will be credited for deductible and maximum out-of-pocket expenses for that year under Parent s benefit plans.

Unless earlier paid by Ceridian prior to the merger, no later than March 15, 2008, Parent will pay to each Ceridian employee as of December 31, 2007, an annual bonus in respect of the 2007 performance year based on Ceridian s actual performance levels.

Indemnification and Insurance

For a period of six years from the effective time, Parent will maintain in effect director, officer and employee exculpation, indemnification and advancement of expenses provisions no less favorable than those of the Company s and any of its subsidiaries certificates of incorporation and bylaws as in effect immediately prior to the effective time or in any indemnification agreements of the Company or its subsidiaries with any of their respective directors, officers or employees as in effect immediately prior to the effective time, and will not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the effective time were current or former directors, officers or employees of the Company or any of its subsidiaries.

The parties have also agreed that Parent will, to the fullest extent permitted under applicable law, indemnify and hold harmless each current and former director, officer or employee of the Company or any of its subsidiaries and each person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise at the request of the Company (each, an Indemnified Party) against any costs or expenses, judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened action, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred whether before or after the effective time (including acts or omissions in connection with such persons serving as an officer, director or other fiduciary in any entity if such service was at the request or for the benefit of the Company).

The parties have further agreed that either for a period of six years from the effective time, Parent will maintain in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by the Company and its subsidiaries with respect to matters arising on or before the effective time, subject to a maximum annual insurance premium of 300% of the last annual premium paid by the Company prior to the date of the merger agreement in respect of such coverage, or at Parent s option, the Company will purchase, prior to the effective time, a six-year prepaid tail policy on terms and conditions providing substantially equivalent benefits as the current policies of directors and officers liability insurance and fiduciary liability insurance. If the Company obtains such a prepaid tail policy, Parent will maintain the policy in full force and effect for its full term.

Parent will also pay all reasonable expenses, including reasonable attorneys fees that may be incurred by any Indemnified Party in enforcing the foregoing obligations.

Agreement to Take Further Action and to Use All Reasonable Best Efforts

Each of the Company, Parent, and Merger Sub has agreed to use its reasonable best efforts to do all things necessary, proper or advisable under applicable laws to consummate and make effective the merger and the other transactions contemplated by the merger agreement, including to obtain necessary consents or approvals from government authorities or third parties, to defend any lawsuit challenging the merger agreement or the consummation of the merger or the other transactions contemplated by the merger agreement, and to execute and deliver any additional documents necessary to complete the merger and the other transactions contemplated by the merger agreement. However, in no event are Parent, Merger Sub or the Company or any of its subsidiaries required to pay prior to the effective time any fee or other consideration to any third party for any consent or approval required for the consummation of the transactions contemplated by the merger agreement under any contract or agreement. The Company and the Parent have agreed to use reasonable best efforts to cooperate with each other in making any required filings with any governmental entity.

Parent and the Company are obligated to use reasonable best efforts to obtain necessary antitrust clearances, subject to the limitation that Parent is not required to make any divestitures of dispositions of the assets of Parent or its affiliates, and the Company will not divest assets or take any action that would reasonably be expected to result in a Company Material Adverse Effect, including divestiture of assets accounting for more than 15% of the Company s 2006 EBITDA. With respect to consents or filings with state governmental authorities involving the licenses held by Comdata Network, Inc. (Comdata) or its affiliates as a seller of checks, money transmitter or payroll processor required in connection with consummation of the merger, the parties have agreed not to make any divestiture or accept any operational restrictions involving such assets, except commercially reasonable efforts to effect intra-Company restructuring accounting for up to 5% of the 2006 revenues of Comdata.

Financing Commitments; Company Cooperation

Parent has agreed to use its reasonable best efforts to arrange the debt financing in connection with the merger and the other transactions contemplated by the merger agreement on the terms described in the debt commitment letters delivered in connection with the signing of the merger agreement. If Parent becomes aware of any event or circumstance that makes any portion of the debt financing unlikely to be procured in the manner or from the sources contemplated in the debt commitment letter, Parent must use its reasonable best efforts to obtain alternative financing for any such portion on terms that are no less favorable, from the standpoint of the Company (both before and after the merger) and Parent, than the terms and conditions relating to the portion of the debt financing being replaced.

The Company has agreed to cooperate reasonably with Parent in obtaining the financing, including making reasonably available appropriate personnel of the Company, furnishing information reasonably required for use in connection with the debt financing, cooperating in the preparation of any underwriting or placement agreements, pledge and security documents and other definitive financing documents and the execution of financing documents and the taking of certain other customary actions to facilitate the financing.

Marketing Period

Unless otherwise agreed by the parties to the merger agreement, the parties are required to close the merger on the fifth business day after the satisfaction or waiver of the conditions described under The Merger Agreement Conditions to the Merger below, provided that the parties are not obligated to close the merger until the earliest to occur of (i) a date during the marketing period specified by Parent on no less than three business days notice to the Company, (ii) the third business day following the final day of the marketing period and (iii) the end date (as defined under the merger agreement and as it may be extended).

The marketing period means the first period of thirty (30) consecutive business days throughout which:

- Parent has certain financial information required to be provided by the Company under the merger agreement in connection with Parent s financing of the merger;
- such information meets certain requirements as to accuracy, completeness and consistency with certain SEC regulations; and
- the mutual conditions and the conditions to the obligation of Parent and Merger Sub to consummate the merger (other than those that by their nature can only be satisfied at the closing) are satisfied.

The marketing period will not include any business days in the following time periods:

- August 17, 2007 through September 3, 2007
- November 21, 2007 through November 25, 2007
- December 19, 2007 through January 1, 2008

However, no business day in any of the above time periods will be deemed to make the business days before and after such periods non-consecutive for purposes of determining the marketing period, provided that at least the final twenty-five business days of the marketing period are otherwise consecutive.

The purpose of the marketing period is to provide Parent and Merger Sub with a reasonable and appropriate period of time during which they can market and place the permanent debt financing contemplated by the debt financing commitments for the purposes of financing the merger.

Other Covenants and Agreements

The merger agreement contains additional agreements among the Company, Parent and Merger Sub relating to:

- providing Parent reasonable access to the Company s officers, employees, properties, contracts, commitments, books and records;
- taking actions necessary to exempt the transactions contemplated by the merger agreement from the effect of any takeover statutes;
- the issuance of press releases or other public statements relating to the merger agreement or the transactions contemplated by the merger agreement; and
- providing Parent with the opportunity to participate in the defense or settlement of any stockholder litigation relating to the merger, including the right of Parent to consent to the settlement of such litigation (which consent Parent may not unreasonably withhold or delay).

Conditions to the Merger

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following conditions:

- the Company stockholder approval has been obtained;
- no restraining order, injunction or other order by any court that prohibits consummation of the merger has been entered and continues to be in effect;

- any applicable waiting period under the HSR Act has expired or been terminated and any approvals and consents required to be obtained under any other antitrust, competition or similar laws of any

foreign jurisdiction, other than any such approvals or consents the failure of which to obtain would not have, individually or in the aggregate, a Company Material Adverse Effect, shall have been obtained;

- all consents and approvals involving the licenses held by Comdata or its affiliates as a seller of checks, money transmitter or payroll processor required in connection with the consummation of the merger on the terms contemplated by the merger agreement (including the terms of the financing contemplated by the merger agreement) have been received;

- the representations and warranties of the other party are true and correct both when made and as of the closing date (except to the extent made as of an earlier date, in which case as of such date), except generally where the failure of such representations and warranties to be so true and correct would not have, individually or in the aggregate, a Parent Material Adverse Effect or a Company Material Adverse Effect, as the case may be;

- the other party has in all material respects performed all obligations and complied with all covenants required by the merger agreement prior to the effective time; and

- the other party has delivered a certificate certifying to the effect that the conditions related to its representations and warranties and performance of its obligations and covenants have been satisfied.

Termination

The merger agreement may be terminated by either the Company or Parent, if:

- the Company and Parent agree to do so;

- the effective time has not occurred by the end date (December 31, 2007, which under certain circumstances can be extended to March 31, 2008), except that this right will not be available to a party if the failure to fulfill any of such party s obligations under the merger agreement is the proximate cause of the failure to complete the merger on or prior to the end date; however, if the marketing period has commenced on or before the end date, but not ended on or before the third business day immediately prior to the end date, the end date shall be automatically extended;

- any final and non-appealable injunction or order permanently prohibits the consummation of the merger, except that the party seeking to terminate the merger agreement must have used its reasonable best efforts to remove such injunction or order; or

- the Company stockholder meeting to vote on the merger agreement has concluded and the Company stockholder approval was not obtained.

The merger agreement may be terminated by the Company:

- if Parent breaches or fails to perform in any material respect under the merger agreement, which breach or failure to perform (1) would result in a failure of a mutual condition or a condition of the Company s obligation to consummate the merger and (2) cannot be cured by the end date; and the Company has given Parent 30 days written notice of its intention to terminate;

- if, prior to the receipt of stockholder approval, the board determines to accept and/or enter into an agreement for a Superior Proposal; provided that the Company complied with the non-solicitation provision of the merger agreement; or

- if (1) the merger has not been consummated on a timely basis in accordance with the merger agreement, (2) at the time of such termination all the mutual conditions and the substantive conditions to the obligation of Parent and Merger Sub to consummate the merger are satisfied and (3) the cause for such failure to timely consummate the merger is the failure of Parent and Merger Sub to obtain the financing for the merger. However, the Company may not exercise the termination

---

right referred to in this bullet if the Company s failure to comply with its obligations to cooperate with Parent in obtaining the financing contributed materially to Parent s failure to obtain the financing.

The merger agreement may be terminated by Parent:

- if the stockholder meeting has not concluded prior to the end date;

- if the Company breaches or fails to perform in any material respect under the merger agreement, which breach or failure to perform (1) would result in a failure of a mutual condition or a condition of the obligation of Parent and Merger Sub to consummate the merger and (2) cannot be cured by the end date; and the Parent has given the Company 30 days written notice of its intention to terminate;

- if prior to the stockholder approval, the board has failed to recommend the merger in the proxy statement or has effected a Change of Recommendation but not if such Change of Recommendation occurs within 10 days after an election of directors giving rise to Parent s right to termination under clause (1) of the below bullet point; or

- if (1) following the date of the merger agreement, there is an election of the board (at one or more stockholders meetings) resulting in a majority of the board being comprised of persons who were not nominated by the board in office immediately prior to such election, or (2) any rights (as defined in the Company s stockholder rights plan) have been exercised to purchase Series A Junior Participating Preferred Stock of the Company or common stock of the Company.

If the merger agreement is terminated, the merger will not occur.

Termination Fees

The merger agreement provides that the Company will be required to pay Parent a termination fee of $165 million if the merger agreement is terminated in the following circumstances:

- the merger agreement is terminated by Parent due to a breach of the merger agreement by the Company and (i) prior to the termination of the merger agreement a proposal for a Qualifying Transaction (as defined below) is made or delivered to the Company or publicly proposed or publicly disclosed prior to the stockholder meeting and (ii) within 12 months of the termination of the merger agreement the Company enters into a definitive agreement providing for a Qualifying Transaction;

- (i) the merger agreement is terminated because (w) Company stockholder approval is not obtained at the Company stockholder meeting, (x) the Company stockholder meeting is not held prior to the end date, (y) there is an election of the board resulting in a majority of the board being comprised of persons who were not nominated by the board in office immediately prior to such election, or (z) any rights (as defined in the Company s stockholder rights plan) have been exercised to purchase Series A Junior Participating Preferred Stock of the Company or common stock of the Company and (ii) within 12 months of the termination of the merger agreement either a Qualifying Transaction is consummated or the Company enters into a definitive agreement providing for a Qualifying Transaction;

- a tender offer or exchange offer that is a Qualifying Transaction is consummated prior to the termination of the merger agreement and the merger agreement is terminated for any reason other than a breach by Parent or Parent s failure to obtain financing for the merger;

- the Company accepts or enters into a Superior Proposal; or

- there is a Change of Recommendation of the board giving rise to a right of Parent to terminate (other than a Change of Recommendation within 10 days after a majority of the incumbent board is voted out of office).

Additionally, the Company may be required to pay Parent up to $20 million to compensate Parent and its affiliates for expenses and related costs in the event that the merger agreement is terminated due to a breach by the Company or because of any of the reasons set forth in the second bullet point of the immediately preceding paragraph, which amount would be deducted from the $165 termination fee if it is or becomes payable.

The merger agreement also provides that if it is terminated under specified circumstances in connection with willful and material breaches by the Company, the Company will be required to pay Parent a termination fee of $165 million. Parent may also claim actual damages in excess of the $165 million fee in the event of a willful and material breach by the Company of the no-solicitation provisions of the merger agreement described above.

The merger agreement provides that if it is terminated under specified circumstances in connection with willful and material breaches by Parent, or is terminated as a result of the failure to obtain financing, Parent will be required to pay the Company a termination fee of $165 million. Parent s termination fee obligations are guaranteed one-half each by FNF and an affiliate of THL Partners. See The Merger Limited Guarantee.

A Qualifying Transaction is defined as an Alternative Proposal (substituting 50% for the 15% threshold set forth above in the definition of Alternative Proposal with respect to acquisitions of Company common stock, and 30% for the 15% threshold set forth in such definition with respect to acquisitions of assets).

Amendment and Waiver

The merger agreement may be amended by a written agreement signed by the Company, Parent and Merger Sub at any time prior to the effective time. However, after the receipt of stockholder approval, if any such amendment or waiver requires further approval of the stockholders of the Company under applicable law or in accordance with the rules and regulations of the New York Stock Exchange, the effectiveness of the amendment or waiver will be subject to such further approval of stockholders.

Specific Performance

The parties to the merger agreement have agreed that irreparable damage would occur in the event that any of the provisions of the merger agreement were not performed in accordance with their specific terms or were otherwise breached, and that each of the parties are entitled to seek an injunction or injunctions to prevent breaches of the merger agreement and to enforce specifically its terms and provisions in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). In addition, each of the parties to the merger agreement have irrevocably submitted to the personal jurisdiction of the aforesaid courts.

MARKET PRICES OF THE COMPANY COMMON STOCK

Our common stock is listed and trades on the NYSE under the symbol CEN. The number of holders of record of our common stock on the record date was [ ]. We have not declared or paid any cash dividends on our common stock since our inception and our board of directors presently intends to retain all earnings for use in the business for the foreseeable future. The transfer agent and registrar for our common stock is the Bank of New York.

The following table sets forth the high and low sale prices of our common stock as reported on the NYSE Composite Tape for each quarterly period having occurred during the years ending December 31, 2007, 2006, 2005, and 2004.

	Common Stock			
	High		**Low**	
2004				
1st Quarter	$	22.56	$	16.69
2nd Quarter	$	23.41	$	19.70
3rd Quarter	$	22.57	$	17.05
4th Quarter	$	19.42	$	16.25
2005				
1st Quarter	$	18.55	$	16.55
2nd Quarter	$	20.05	$	16.22
3rd Quarter	$	21.34	$	19.34
4th Quarter	$	25.16	$	20.48
2006				
1st Quarter	$	26.00	$	23.51
2nd Quarter	$	25.75	$	23.04
3rd Quarter	$	24.54	$	21.76
4th Quarter	$	28.99	$	22.18
2007				
1st Quarter	$	35.17	$	27.21
2nd Quarter (through June 13, 2007)	$	36.50	$	32.57

The closing sale price of the Company s common stock on the NYSE on May 30, 2007, the last trading day before the Company announced the execution of the merger agreement, was $34.19 per share. On [ ], the last trading day before this proxy statement was printed, the closing price of the Company s common stock on the NYSE was $[ ] per share. We encourage you to obtain current market quotations for the Company s common stock.

APPRAISAL RIGHTS

The discussion of the provisions set forth below is not a complete summary regarding your appraisal rights under Delaware law and is qualified in its entirety by reference to the text of the relevant provisions of Delaware law, which are attached to this proxy statement as Annex D. Stockholders intending to exercise appraisal rights should carefully review Annex D. Failure to follow any of the statutory procedures precisely may result in a termination or waiver of these rights.

If the merger is consummated, dissenting stockholders who follow the procedures specified in Section 262 of the Delaware General Corporation Law (Section 262) within the appropriate time periods will be entitled to have their shares appraised by a court and to receive the fair value of such shares in cash as determined by the Delaware Court of Chancery in lieu of the consideration that such stockholder would otherwise be entitled to receive pursuant to the merger agreement.

The following is a brief summary of Section 262, which sets forth the procedures for dissenting from the merger and demanding statutory appraisal rights. Failure to follow the procedures set forth in Section 262 precisely could result in the loss of appraisal rights. This proxy statement constitutes notice to our stockholders concerning the availability of appraisal rights under Section 262. A stockholder of record wishing to assert appraisal rights must hold the shares of stock on the date of making a demand for appraisal rights with respect to such shares and must continuously hold such shares through the effective time of the merger.

Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262. A written demand for appraisal of shares must be filed with us before the annual meeting. Stockholders electing to exercise their appraisal rights must also not vote FOR the merger. A proxy or vote against the merger or a failure to vote for the adoption of the merger agreement alone will not constitute a demand for appraisal within the meaning of Section 262.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder s name appears on the share certificate. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand must be executed by or for the fiduciary. If the shares are owned of record by or for more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner or owners. A person having a beneficial interest in shares held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized below and in a timely manner to perfect whatever appraisal rights the beneficial owner may have.

A stockholder who elects to exercise appraisal rights should mail or deliver the required written demand to us at our address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425, Attention: Corporate Secretary. The written demand for appraisal should specify the stockholder s name, and that the stockholder is demanding appraisal of his, her or its shares. Within ten days after the effective time of the merger, we must provide notice of the effective time of the merger to all of our stockholders who have complied with Section 262 and have not voted for the merger.

Within 120 days after the effective time of the merger, any stockholder who has satisfied the requirements of Section 262 will be entitled, upon written request, to receive from the Company a statement listing the aggregate number of shares not voted in favor of the merger and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The Company, as the surviving corporation in the merger, must mail such written statement to the stockholder

no later than the later of 10 days after the stockholder s request is received by us or 10 days after the latest date for delivery of a demand for appraisal under Section 262.

Within 120 days after the effective time of the merger, either we or any stockholder who has complied with the required conditions of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares owned by stockholders entitled to appraisal rights. We have no present intention to file such a petition if demand for appraisal is made. Accordingly, it is the obligation of any company stockholders seeking appraisal to initiate all necessary action to effect the appraisal rights in respect of shares of the Company common stock within the time prescribed by Section 262.

Upon the filing of any petition by a stockholder in accordance with Section 262, service of a copy must be made upon us. We must, within 20 days after service, file in the office of the Register in Chancery in which the petition was filed, a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom we have not reached agreements as to the value of their shares. If we file a petition, the petition must be accompanied by the verified list. The Register in Chancery, if so ordered by the court, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to us and to the stockholders shown on the list at the addresses therein stated, and notice will also be given by publishing a notice at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or such publication as the court deems advisable. The forms of the notices by mail and by publication must be approved by the court, and we will bear the costs for such notices. The Delaware Court of Chancery may require the stockholders who have demanded an appraisal for their shares (and who hold stock represented by certificates) to submit their stock certificates to the Register in Chancery for notation of the pendency of the appraisal proceedings and the Delaware Court of Chancery may dismiss the proceedings as to any stockholder that fails to comply with such direction.

If a petition for an appraisal is filed in a timely fashion, after a hearing on the petition, the court will determine which stockholders are entitled to appraisal rights and will appraise the shares owned by these stockholders, determining the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value. In determining fair value, the Delaware Court is required to take into account all relevant factors. In *Weinberger v. UOP, Inc.,* the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court has stated that in making this determination of fair value the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which could be ascertained as of the date of the merger which throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court construed Section 262 to mean that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Stockholders considering seeking appraisal of their shares should note that the fair value of their shares determined under Section 262 could be more, the same or less than the consideration they would receive pursuant to the merger Agreement if they did not seek appraisal of their shares. The costs of the appraisal proceeding may be determined by the court and taxed against the parties as the court deems

equitable under the circumstances. Upon application of a dissenting stockholder, the court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of a determination or assessment, each party bears his, her or its own expenses. The exchange of shares for cash pursuant to the exercise of appraisal rights generally will be a taxable transaction for United States federal income tax purposes and possibly state, local and foreign income tax purposes as well. See The Merger United States Federal Income Tax Consequences on page 37.

Any stockholder who has duly demanded appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote for any purpose the shares subject to demand or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to the effective time of the merger.

At any time within 60 days after the effective time of the merger, any stockholder will have the right to withdraw his, her or its demand for appraisal and to accept the terms offered in the merger agreement. After this period, a stockholder may withdraw his, her or its demand for appraisal and receive payment for his, her or its shares as provided in the merger agreement only with our consent. If no petition for appraisal is filed with the court within 120 days after the effective time of the merger, stockholders rights to appraisal (if available) will cease. Inasmuch as we have no obligation to file such a petition, any stockholder who desires a petition to be filed is advised to file it on a timely basis. No petition timely filed in the court demanding appraisal may be dismissed as to any stockholder without the approval of the court, which approval may be conditioned upon such terms as the court deems just.

Failure by any stockholder to comply fully with the procedures of Section 262 of the Delaware General Corporation Law (as reproduced in Annex D to this proxy statement) may result in termination of such stockholder s appraisal rights. In view of the complexity of Section 262, stockholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

PROPOSAL 2: ELECTION OF DIRECTORS

Election of Directors

Our business is managed under the direction of our board. Our bylaws provide that the board determines the number of directors, which is currently set at eight, and as of [ ], 2007, will be set at seven. The board has designated as nominees for director seven of the directors presently serving on the board. In January 2007, Mr. Nicholas D. Chabraja informed the chairman of the board that he had decided not to stand for re-election to the board. Mr. Chabraja has been a valued member of the board since 1998.

The board recommends a vote FOR and solicits proxies in favor of each of the nominees named below. Proxies cannot be voted for more than seven people. The board has no reason to believe any of the nominees for director will be unable or unavailable to serve. However, if any nominee should for any reason become unable or unavailable to serve, proxies will be voted for another nominee selected by the board. Alternatively, the board may reduce the number of directors, and proxies, at the board s discretion, may be voted for a fewer number of nominees as results from a director s inability or unavailability to serve. Each person elected will hold office until the 2008 annual meeting of stockholders and until his or her successor is duly elected and qualified, or until his or her earlier resignation or removal.

Nominees for Election of Directors

The following is biographical information, as of June 1, 2007, concerning the seven nominees for election as directors of Ceridian:

RONALD T. LEMAY, age 61

- Chairman of October Capital, LLC, a private investment firm, since February 2001
- Chairman of AirCell, Inc., an air-to-ground communications system and services provider, since July 2006
- Industrial Partner of Ripplewood Holdings, LLC, a private equity fund, since October 2003
- Chairman and Chief Executive Officer of Last Mile Connections, Inc., a network bandwidth exchange and solutions provider, since September 2005
- Representative Executive Officer of JAPAN TELECOM Co., Ltd., a telecommunications company, from November 2003 to July 2004; and Interim President of JAPAN TELECOM Co., Ltd. from November 2003 to January 2004
- President and Chief Operating Officer of Sprint Corporation, a global communications company, from October 1997 to April 2003
- Has served as a director of Ceridian or Ceridian s predecessor since January 1997
- Also a director of Imation Corp. and The Allstate Corporation

GEORGE R. LEWIS, age 66

- Retired President and Chief Executive Officer of Philip Morris Capital Corporation, a subsidiary of Altria Group, Inc. (formerly Philip Morris Companies Inc.), a consumer packaged goods company. Served in such positions from May 1997 through March 2001
- Has served as a director of Ceridian or Ceridian s predecessor since November 1994

KATHRYN V. MARINELLO, age 50

- President and Chief Executive Officer of Ceridian since October 2006

- President and Chief Executive Officer of General Electric Fleet Services, a fleet management company, from October 2002 to October 2006

- President and Chief Executive Officer of GE Financial Assurance Partnership Marketing Group, an organization that includes GE s affinity marketing business, Auto & Home Insurance business and Auto Warranty Service business, from December 2000 to October 2002

- Has served as a director of Ceridian since October 2006

- Elected to the board of directors of General Motors on June 5, 2007

L. WHITE MATTHEWS, III, age 61

- Former Executive Vice President and Chief Financial Officer of Ecolab, Inc., a developer and marketer of cleaning and sanitizing products and services, and a member of its board from July 1999 until September 2001

- Executive Vice President and Chief Financial Officer of Union Pacific Corporation, a transportation and natural resources company, from November 1989 to May 1998, and a member of its board of directors from 1994 to 1998

- Has served as a director of Ceridian since July 2005 and Chairman of the board since April 2006

- Also a director of Imation Corp. and Matrixx Initiatives, Inc.

RICHARD SZAFRANSKI, age 59

- Partner of Toffler Associates, a strategic planning and advisory firm, since January 2007; Managing Partner of Toffler Associates from 1999 thru December 2006

- Has served as a director of Ceridian since October 2006

WILLIAM L. TRUBECK, age 60

- Executive Vice President and Chief Financial Officer of H&R Block, Inc., a financial services company, since October 2004

- Executive Vice President, Western Group (April 2003 to October 2004), Chief Administrative Officer (May 2002 to April 2003), and Chief Financial Officer (March 2000 to April 2003) of Waste Management, Inc., a waste disposal and environmental services company

- Has served as a director of Ceridian since July 2006

- Also a director of YRC Worldwide Inc. and Dynegy Inc.

ALAN F. WHITE, age 69

- Senior Associate Dean, Massachusetts Institute of Technology, Alfred P. Sloan School of Management since 1994
- Member of the MIT faculty, ex officio
- Consultant in the area of management development and business development
- Has served as a director of Ceridian since May 2003

In 2006, Messrs. Szafranski and Trubeck were recommended to become directors by other non-employee directors of the board. Although no fees were paid for her to become a director, the board paid fees to a third-party recruiter to assist with the recruitment of Ms. Marinello as president and chief executive officer.

Director Independence

Our board has adopted the criteria set forth in the NYSE listing standard for determining whether a director is independent. The board believes that a substantial majority of the directors must be independent. The board annually reviews all direct and indirect commercial and charitable relationships that directors may have with Ceridian to determine whether the directors are independent. No director qualifies as an independent director unless the board affirmatively determines that the director is independent.

In February 2007, the board reviewed all transactions or relationships between each director, or any member of his or her immediate family, and Ceridian, our executive officers and our independent registered public accounting firm. Based on this review, the board affirmatively determined that Nicholas D. Chabraja, Ronald T. LeMay, George R. Lewis, L. White Matthews, III, Richard Szafranski, William L. Trubeck and Alan F. White are each independent under the NYSE listing standards. In making the above independence determinations, the board considered sales of products and services by Ceridian and its subsidiaries to, and any purchases of products or services by Ceridian and its subsidiaries from, companies where members of the board are employed. The board considered (1) transactions between Ceridian and its subsidiaries and General Dynamics Corporation and its subsidiaries, and the indirect interest of Mr. Chabraja, Chairman and Chief Executive Officer of General Dynamics, and (2) transactions between Ceridian and its subsidiaries and H&R Block, Inc. and its subsidiaries, and the indirect interest of Mr. Trubeck, Executive Vice President and Chief Financial Officer of H&R Block, Inc. Upon reviewing such transactions, the board determined that such transactions were made in the ordinary course of business and were in an amount and nature that were immaterial to Messrs. Chabraja and Trubeck, Ceridian, General Dynamics and H&R Block.

The board also determined that all board committees are composed of independent directors in accordance with NYSE listing standards, that all current Audit Committee members are financially literate under NYSE listing standards and that Messrs. Lewis, Matthews and Trubeck each qualify as an audit committee financial expert within the meaning of SEC regulations. No member of the Audit Committee received any compensation from Ceridian during the last fiscal year other than related to his services on the board.

Corporate Governance

Our board and management have sought to foster an approach toward corporate governance that will ensure an independent, informed and effective board, responsible and accountable for acting in the best interests of our stockholders. As such, all directors stand for election by our stockholders every year, and all holders of our common stock have equal voting rights.

The board maintains a formal statement of Corporate Governance Policies and Guidelines that expresses in a consolidated fashion the corporate governance practices of Ceridian. These Corporate Governance Policies and Guidelines have evolved over many years and are reviewed periodically by the Nominating and Corporate Governance Committee of the board, with any revisions being subject to approval by the full board. Our current Corporate Governance Policies and Guidelines include the following:

Board Independence and Composition

- A majority of the directors should be independent, non-employee directors. The board has adopted the criteria for independence established by the NYSE listing standards. On that basis, the board has affirmatively determined that all of the non-employee directors are independent.

- The board reviews all direct and indirect relationships of each director with Ceridian. No director qualifies as an independent director unless the board affirmatively determines that the director satisfies the independence criteria set forth in the NYSE listing standards.

- The Nominating and Corporate Governance Committee reviews at least annually the size and composition of the board to assess whether the personal experience and expertise of the individual directors, and the overall mix of experience, expertise, independence and diversity of backgrounds among all the directors, will enable the board to effectively monitor our performance and actively participate in developing long-term strategy and financial goals. This review includes director succession planning, in light of expected future needs of the board and Ceridian, and application of policies pertaining to tenure on the board.

- The board has delegated to the Nominating and Corporate Governance Committee the responsibility to identify potential director candidates, to screen such candidates and to recommend candidates to the full board. The Nominating and Corporate Governance Committee will consider suggestions from many sources, including stockholders, regarding possible director candidates.

- Upon a change in the employment status of any non-employee director, that director will submit a letter to the Nominating and Corporate Governance Committee offering not to stand for re-election to the board at the next annual meeting of our stockholders. The Nominating and Corporate Governance Committee has complete discretion as to whether and when the offer will be accepted.

- Any non-employee director must retire from the board no later than the next annual meeting of our stockholders occurring after his or her 70th birthday.

- Any director who is also an officer of Ceridian will retire from the board immediately upon retirement or termination as an officer and employee of the Company.

- Any nominee for director in an uncontested election (i.e., an election where the only nominees are those recommended by the board) who receives a greater number of votes withheld from his or her election than votes for such election (a Majority Withheld Vote) will promptly tender his or her resignation for consideration to a special committee to be formed and comprised of all of the independent directors on the board other than those directors who received a Majority Withheld Vote. If all independent directors receive a Majority Withheld Vote, then all the independent directors shall be members of this special committee. The special committee is expressly authorized on behalf of the board to consider the best interests of Ceridian and its stockholders and to determine whether to accept the tendered resignation or to take some other action with respect to such director. This special committee will take action within 90 days following the uncontested election. Thereafter, the special committee will promptly disclose its decision and an explanation of how the decision was reached to the impacted director and to the public in a Current Report on

-61-

Form 8-K filed with the Securities and Exchange Commission. Any director who receives a Majority Withheld Vote shall remain active and engaged in board activities during this process and, except in the event that such director is an independent director and all independent directors receive a Majority Withheld Vote, shall not participate in the special committee action regarding whether to accept the tendered resignation offer or to take some other action. Because this will be a contested election, this policy will not apply and the seven director nominees receiving the highest number of votes will be elected, assuming a quorum is present.

Board and Committee Operation and Performance

- The board is elected by our stockholders each year to oversee management and to assure that long-term interests of our stockholders are being served. Board members are expected to devote sufficient time and attention to carry out their director duties and responsibilities to Ceridian and ensure that their other responsibilities do not materially interfere with their responsibilities as directors of Ceridian.

- The board meets at regularly scheduled meetings and special meetings during the year at which it reviews and discusses reports by management on Ceridian s performance, plans and prospects. Directors are expected to attend board and committee meetings having reviewed any materials provided to them in advance of the annual meeting.

- In April 2006, the board appointed L. White Matthews, III as the non-executive chairman of the board. The non-executive chair of the board has the following responsibilities: (1) preside at all meetings of the board and stockholders; (2) establish the structure, content and timing of board meetings; (3) organize and preside over executive sessions of the board, other than the portions of such sessions that are led by the chairs of the Audit Committee, the Compensation and Human Resources Committee or the Nominating and Corporate Governance Committee; and (4) coordinate the activities of the independent directors. In the event that the board of directors does not have a non-executive chair, the chair of the Nominating and Corporate Governance Committee would serve as the lead director of the board with the following responsibilities: (1) organize and preside over executive sessions of the board, other than the portions of such sessions that are led by the chairs of the Audit Committee or Compensation and Human Resources Committee; (2) coordinate the activities of the independent directors; (3) make recommendations to the board regarding the structure and timing of board meetings; (4) suggest and recommend to the executive chair of the board matters that should be considered by the board; (5) assist the executive chair of the board in setting board meeting agendas; and (6) counsel the executive chair of the board as to appropriate materials to be provided to the board.

- The independent non-management directors meet in executive session at each regularly scheduled board meeting. The chairs of the respective board committees assume leadership roles within the board and during board meetings or executive sessions pertaining to issues within the purview of the respective committee that they chair. The board believes that by taking this approach, its decision making process will be enhanced.

- The board and its committees each have the right at any time to retain independent outside financial, legal or other advisors. The board and its committees also have access to any officer, manager or employee within Ceridian at any time while conducting its business.

- The board expects its directors, as well as officers and employees of Ceridian, to act ethically at all times and to adhere to the policies comprising Ceridian s Code of Conduct. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the chief executive officer and the chair of the Nominating and Corporate Governance Committee. The board will evaluate the conflict of interest and determine whether a conflict can be resolved or waived. If the conflict

cannot be resolved or waived, the director will be asked to resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The board shall resolve any conflict of interest question involving the chief executive officer or other senior executive officer. If a conflict is waived for a member of the board, the chief executive officer, the principal financial officer, principal accounting officer, controller or other executive officer of Ceridian, the waiver will promptly be disclosed on Ceridian s website.

- The committees of the board are established based on Securities and Exchange Commission and New York Stock Exchange requirements and the board s assessment of what is necessary and desirable in light of Ceridian s circumstances at any particular time and the board s desire to most effectively utilize directors time, experience and expertise. The Nominating and Corporate Governance Committee reviews the board committee structure and assignments at least annually and recommends any changes to the board.

- All members of the Audit Committee, Compensation and Human Resources Committee and Nominating and Corporate Governance Committee are required to be independent non-employee directors.

- The full board and all of the board committees conduct annual self-assessments. The results of the board and committee self-assessments and any recommendations for changes are presented to the board.

- The chief financial officer and chief administrative officer are responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each new director meets at Ceridian s corporate headquarters for personal briefing by senior management on Ceridian s strategic plans, its financial statements and its key policies and practices. Board members may also attend, at Ceridian s expense, seminars, conferences and other continuing education programs designed for directors of public companies.

- Under Ceridian s Stock Ownership Guidelines, each non-employee director will own shares of our common stock, including restricted shares, equal to at least four times the annual board retainer within five years of joining the board.

Our Corporate Governance Policies and Guidelines and other information relating to our corporate governance, including our Code of Conduct, are located in the Corporate Governance section of our website at *www.ceridian.com*. We encourage our stockholders to visit our website to learn more about our corporate governance practices. Copies of our Corporate Governance Policies and Guidelines and our Code of Conduct are also available in print to any stockholder who submits a request to Ceridian Corporation, Attention: Corporate Secretary, 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425.

Meetings of the Board of Directors and Committees of the Board

The board of directors held nine meetings in 2006 and took action once by written consent. Each of our current directors attended at least 75% of the meetings of the board and its committees on which the director served.

It is the board s policy to hold a board meeting on the date and at the location of the annual stockholders meeting, and board members are requested to be in attendance at both the annual stockholders meeting and board meeting. As a result of proximity of our April 26-28, 2006 board meeting to the date of the 2006 annual stockholders meeting, the board determined not to schedule a board meeting following the 2006 annual stockholders meeting. Directors in attendance at the 2006 annual

stockholders meeting were Messrs. LeMay, Matthews and Turner, who at the time was a director and the president and chief executive officer of Ceridian.

The board currently maintains three standing committees that took action in 2006 as follows:

Committee	Meetings	Written Actions
Audit Committee	7	0
Compensation and Human Resources Committee	4	2
Nominating and Corporate Governance Committee	4	0

Prior to February 1, 2007, the board had maintained an Executive Committee which took action once by written consent in 2006.

The following directors currently serve on committees of the board:

Director	Audit	Compensation and Human Resources	Nominating and Corporate Governance
Nicholas D. Chabraja		Chair	X
Ronald T. LeMay		X	Chair
George R. Lewis	Chair		
L. White Matthews, III	X		
Richard Szafranski		X	X
William L. Trubeck	X		
Alan F. White		X	X

Ms. Marinello currently does not sit on any committees of the board. Following the annual meeting, membership of the committees will be determined.

Each committee has a separate written charter and all committee charters are located in the Corporate Governance section of our website at *www.ceridian.com*. Further, a copy of the Audit Committee charter is attached to this proxy statement as Annex E. Copies of the committee charters are also available in print to any stockholder who submits a request to Ceridian Corporation, Attention: Corporate Secretary, 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425. Each committee reviews its charter annually and any changes to a committee charter are approved by the board.

Audit Committee

This committee:

- monitors the integrity of our financial reporting process and systems of internal controls regarding finance, accounting, tax and legal compliance;
- monitors the independence and performance of our independent registered public accounting firm and internal auditing department; and
- provides an avenue of communication among the independent registered public accounting firm, management, the internal auditing department and the board.

This committee also has the sole authority to:

- engage and terminate our independent registered public accounting firm;

- determine and pre-approve the type and scope of all audit and non-audit services provided by our independent registered public accounting firm; and
- approve the compensation of the independent registered public accounting firm.

KPMG, our independent registered public accounting firm, reports directly to the Audit Committee, and this committee has full oversight over all services performed by KPMG. This committee periodically meets in separate executive sessions with KPMG, our general counsel and senior executives within our internal audit department.

Compensation and Human Resources Committee

This committee:

- approves the compensation and benefits of our executive officers, including the chief executive officer;
- reviews the process of managing executive succession, diversity and development;
- assesses the adequacy of our human resource policies and principles;
- determines compensation policies, practices and structures to attract and retain our key executives; and
- recommends to the board compensation for non-employee directors.

The committee has established processes and practices for determining compensation for our executive officers. The committee s authority and the role of executive officers and any external compensation consultants are described in the Compensation Discussion and Analysis section of this proxy statement.

The compensation of the non-employee directors of the board is determined by the board upon recommendation of this committee. This committee assumed this responsibility in 2007. Prior to 2007, the Nominating and Corporate Governance Committee made recommendations to the board regarding compensation of non-employee directors. A description of the compensation program for non-employee directors may be found in the Director Compensation section of this proxy statement. The current non-employee director compensation program was approved by the board of directors in December of 2005, upon recommendation of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee did not use any external compensation consultants to recommend the amount or form of such non-employee director compensation. The Nominating and Corporate Governance Committee considered the prior compensation structure for non-employee directors of the board and competitive data on the amount and form of non-executive director compensation gathered from published surveys.

Nominating and Corporate Governance Committee

This committee:

- reviews the composition and organization of the board and its committees and recommends to the board the adoption of relevant corporate governance policies;
- considers all nominees for board membership; and
- conducts periodic evaluations of the performance of the board.

This committee will consider director candidates proposed by stockholders. Additional information regarding the director nomination process may be found in the Other Matters Director Nominations section of this proxy statement.

Share Ownership Information

Share Ownership of Directors and Management

The following table sets forth certain information regarding the beneficial ownership of Ceridian common stock as of June 1, 2007 by: (1) each director of Ceridian; (2) each named executive; and (3) all directors and executive officers as a group. Each person has sole voting and investment power with respect to the shares listed unless otherwise indicated. The percentages below are based on 143,976,839 shares of Ceridian common stock issued and outstanding as of June 1, 2007.

Name of Individual or Identity of Group	Amount and Nature of Beneficial Ownership (1) (2)	Percent of Class
Directors:		
Nicholas D. Chabraja	58,045	*
Ronald T. LeMay	62,660	*
George R. Lewis	63,843	*
Kathryn V. Marinello	162,790	*
L. White Matthews, III	28,854	*
Richard Szafranski	7,478	*
William L. Trubeck	7,878	*
Alan F. White	25,452	*
Other Named Executives:		
Gary A. Krow (3)	31,482	*
Gary M. Nelson	280,050	*
Douglas C. Neve (4)	28,598	*
Robert J. Severson (5)	170,358	*
Ronald L. Turner (6)	0	*
All Directors and Executive Officers as a Group (18 persons)	958,025	*

* Represents less than one percent.

(1) Includes shares of restricted stock held by directors and executive officers as follows: Mr. Chabraja, 18,604 shares; Mr. LeMay, 12,986 shares; Mr. Lewis, 12,553 shares; Ms. Marinello, 162,790 shares; Mr. Matthews, 24,827 shares; Mr. Szafranski, 7,478 shares; Mr. Trubeck, 7,878 shares; Mr. White, 4,305 shares; Mr. Nelson, 2,971 shares; and all directors and executive officers as a group, 272,752 shares.

Includes shares of common stock acquired by certain executive officers and allocated to their individual accounts under Ceridian s 401(k) plans as follows: Mr. Krow, 11,125 shares; Mr. Nelson, 5,001 shares; Mr. Severson, 151 shares; and all directors and executive officers as a group, 16,277 shares.

Includes shares of stock options that become exercisable within 60 days of June 1, 2007 held by directors and executive officers: Mr. Chabraja, 33,441 shares; Mr. LeMay, 38,828 shares; Mr. Lewis,

38,828 shares; Mr. Matthews, 2,667 shares; Mr. White, 14,667 shares; Mr. Nelson, 247,330 shares; Mr. Severson, 163,510 shares; and All Directors and Executive Officers as a Group, 550,435 shares.

(2) Does not include deferred restricted stock units held by Messrs. Lewis, Matthews and White in the amount of 3,171 units for Mr. Lewis, 1,312 units for Mr. Matthews and 2,490 units for Mr. White. Messrs. Lewis, Matthews and White elected to receive such deferred restricted stock units in lieu of all or a portion of their annual board retainer. All payments from an individual director s deferred restricted stock unit account will be made in Ceridian common stock based upon the director s prior election to receive shares of Ceridian common stock in a lump sum on January 10 of the year after the director leaves the board of directors or in five, 10 or 15 year annual installments. The deferred restricted stock units do not have voting rights.

Does not include unvested restricted stock units that will not vest within 60 days of June 1, 2007 held by the executive officers as follows: Mr. Nelson, 13,216 units; Mr. Severson, 2,033 units; Mr. Turner, 30,736 units; and all directors and executive officers as a group, 81,113 units.

Does not include deferrals made by Messrs. Krow and Nelson into an investment fund that mirrors Ceridian common stock under the Ceridian Corporation Deferred Compensation Plan (such investments are referred to as phantom shares). The number of phantom shares held by Messrs. Krow and Nelson are: 18,769 for Mr. Krow; and 16,269 for Mr. Nelson. All payments from an individual s phantom share account will be made in Ceridian common stock (fractional shares paid in cash). As a result of Mr. Krow s termination, his phantom shares are in the process of being paid in Ceridian common stock (fractional shares paid in cash). Phantom shares may not be transferred out of an individual s phantom share account until retirement or termination. For each contribution made by an individual to his or her phantom share account, Ceridian credits the individual s phantom share account with an additional 15 percent premium on the amount contributed by the individual. This additional credit vests on the last day of the second year that begins after the date that the contribution is made into the individual s phantom share account. Phantom shares do not have voting rights.

(3) Mr. Krow s employment was terminated effective as of May 14, 2007 and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

(4) Mr. Neve resigned from the Company effective as of March 8, 2007.

(5) Mr. Severson retired from the Company effective as of December 31, 2006.

(6) Mr. Turner retired from the Company effective as of October 20, 2006.

Share Ownership of Certain Beneficial Owners

The following table sets forth certain information regarding the beneficial ownership of Ceridian common stock by each stockholder who is known by us to own beneficially more than 5 percent of our outstanding common stock. Each person has sole voting and investment power with respect to the shares listed unless otherwise indicated. The percentages below are based on 143,976,839 shares of Ceridian common stock issued and outstanding as of June 1, 2007.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
Pershing Square Capital Management L.P. PS Management GP, LLC Pershing Square GP, LLC William A. Ackman 888 Seventh Avenue, 29th Floor New York, NY 10019	21,432,734	(1)	14.89 %
Janus Capital Management LLC Janus Contrarian Fund 151 Detroit Street Denver, CO 80206	14,170,985	(2)	9.89 %
Harris Associates L.P. Harris Associates Inc. Two North LaSalle Street, Suite 500 Chicago, IL 60602	9,213,580	(3)	6.43 %

(1) Beneficial ownership as of June 12, 2007, as reported in Schedule 13D (Amendment No. 7) dated June 12, 2007 by Pershing Square Capital Management, L.P., a Delaware limited partnership, PS Management GP, LLC, a Delaware limited liability company, Pershing Square GP, LLC, a Delaware limited liability company, and William A. Ackman, a citizen of the United States of America. With the exception of Pershing Square GP, LLC, each of the listed entities and Mr. Ackman report shared voting and dispositive power of 21,432,734 shares, and sole voting and dispositive power of 0 shares. Pershing Square GP, LLC is reported to be the beneficial owner of 9,354,807 shares or 6.50%, of which it reports shared voting and dispositive power over 9,354,807 shares, and sole voting and dispositive power over 0 shares.

(2) Beneficial ownership as of December 31, 2006, as reported in a Schedule 13G dated February 14, 2007. These securities are deemed beneficially owned by Janus Capital Management LLC. Janus Capital indirectly owns 82.5% of Enhanced Investment Technologies LLC (INTECH) and 30% of Perkins, Wolf, McDonnell and Company (Perkins Wolf). Janus Capital, INTECH and Perkins Wolf (collectively, the Managed Portfolios) are registered investment advisors, each providing investment advice to several investment companies. As a result of its role as an adviser or sub-adviser to the Managed Portfolios, Janus Capital may be deemed to be the beneficial owner of 14,170,985 shares, of which it has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of 13,543,775 shares or 9.45%, and sole power to dispose or to direct the disposition of 627,210 shares or 0.44%. As a result of its role as an adviser or sub-adviser to the Managed Portfolios, INTECH may be deemed to be the beneficial owner of 627,210 shares or 0.44% for which it has shared sole power to dispose or to direct the disposition of such shares. Janus Contrarian Fund is an investment company registered under the Investment Company Act of 1940 and is one of the Managed Portfolios to which Janus Capital provides investment advice. Janus Contrarian Fund

beneficially owns 8,512,070 shares or 5.94% and has sole power to vote or direct the vote and sole power to dispose or direct the disposition of such shares.

(3) Beneficial ownership as of December 31, 2006, as reported in a Schedule 13G dated February 12, 2007. These securities are beneficially owned by the named parties as a result of the named parties advisor and other relationships with the persons who own the shares. The Harris Associates Investment Trust owns 6,238,000 shares or 4.35%, and Harris Associates L.P. serves as investment advisor to this trust and has shared voting and dispositive power over these shares. Represents shared power to vote or direct the vote of 9,231,580 shares, sole power to dispose or to direct the disposition of 2,975,580 shares, and shared power to dispose or to direct the disposition of 6,238,000 shares.

Certain Relationships and Transactions with Related Person

In October 2006, our board of directors adopted a written related-person transaction approval policy. The policy covers transactions (including material amendments) that directly or indirectly involve our directors, executive officers or five-percent stockholders or any of their immediate family members (Related Person), and the amount involved exceeds $120,000 and the Related Person had or will have a direct or indirect material interest (Related-Person Transactions). The policy provides that Related-Person Transactions do not include (1) indemnification or the advancement of expense payments pursuant to our certificate of incorporation or bylaws or any agreement with the Related Person, and (2) any compensation paid to a director or executive officer in connection with the performance of his or her duties to Ceridian or its subsidiaries. Pursuant to the terms of the policy, all Related-Person Transactions are prohibited unless approved or ratified by the Nominating and Corporate Governance Committee. Any potential Related-Person Transactions are analyzed by our Office of the General Counsel and management. Any Related-Person Transaction will be submitted for consideration by the Nominating and Corporate Governance Committee at its next regularly scheduled meeting. The Nominating and Corporate Governance Committee will be provided:

- a description of the participants;
- the terms of the transaction;
- the business purpose of the transaction;
- the benefits (if any) to Ceridian and to the Related Person; and
- any amendments to or other actions taken by Ceridian so as to avoid or otherwise address any resulting conflict of interest.

The Nominating and Corporate Governance Committee will consider the following factors, among others, pertaining to the Related-Person Transaction:

- whether the terms of the transaction are fair to Ceridian and at least as favorable terms as would apply if the other person was not a Related Person;

- whether there are demonstrable business reasons for Ceridian to enter into the transaction;
- whether the Related-Person Transaction would impair the independence of a non-employee director; and
- whether the Related-Person Transaction would present a conflict of interest, taking into account the size of the transaction, the overall financial position of the executive or director in the transaction, the direct or indirect nature of the interest of the executive or director in the transaction, the ongoing nature of the transaction and any other factors the committee deems relevant.

Any Related-Person Transaction that is not approved or ratified shall be voided, terminated or amended in each case determined by the committee so as to avoid or otherwise address any resulting conflict of interest. We have followed this policy since its adoption in October 2006.

Report of Audit Committee

The following is the report of the Audit Committee with respect to Ceridian s audited financial statements for the fiscal year ended December 31, 2006.

The Audit Committee has reviewed and discussed the audited consolidated financial statements of Ceridian for the fiscal year ended December 31, 2006 with Ceridian s management, and senior executives within its internal audit department, and KPMG, Ceridian s independent registered public accounting firm, with and without management present. The Audit Committee has reviewed the results of auditor examinations, Ceridian s internal controls and the quality of Ceridian s financial reporting. The Audit Committee also reviewed Ceridian procedures and internal control process designed to ensure full, fair and adequate financial reporting and disclosure, including procedures for certifications provided by the chief executive officer and chief financial officer that are required in periodic reports filed with the Securities and Exchange Commission. Management is responsible for the consolidated financial statements and reporting process, including systems of internal controls. KPMG is responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States.

The Audit Committee has discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee has also received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and the Audit Committee has discussed with KPMG its independence.

The Audit Committee adopted guidelines requiring review and approval by the Audit Committee of audit and non-audit services performed by KPMG for Ceridian, a copy of which may be found in the Corporate Governance section of Ceridian s website at *www.ceridian.com.*

Based on the Audit Committee s review and discussions noted above, the Audit Committee recommended to the board of directors that Ceridian s audited consolidated financial statements be included in Ceridian s Annual Report on Form 10-K, for the fiscal year ended December 31, 2006, as amended, for filing with the Securities and Exchange Commission.

Audit Committee

George R. Lewis, Chair
L. White Matthews, III
William L. Trubeck

Independent Registered Public Accounting Firm Fees

The Audit Committee of the board has selected KPMG, our independent registered public accounting firm, to audit our accounts for the year ending December 31, 2007. KPMG audited our accounts for the year ended December 31, 2006.

Representatives of KPMG will attend the 2007 annual meeting of stockholders. They will have an opportunity to make a statement if they desire to do so, and will be available to respond to stockholder questions.

Audit Fees

The following table sets forth the aggregate fees billed to Ceridian for the fiscal years ended December 31, 2006 and 2005 by KPMG:

	2006	2005
Audit Fees	$ 2,730,000	$ 3,518,000
Audit Related Fees (1)	1,512,000	1,747,000
Tax Fees (2)	80,000	98,000
All Other Fees (3)	0	23,000
Total Fees (4)	$ 4,322,000	$ 5,386,000

(1) Principally related to third-party reviews of transaction processing controls (SAS 70 reports) and audits of employee benefit plans.

(2) Primarily related to transfer pricing and tax compliance matters.

(3) Primarily related to international statutory filing matters.

(4) All fees have been approved by the Audit Committee.

The Audit Committee considered whether the provision of these services is compatible with maintaining KPMG s independence and determined that it was compatible.

Auditor Fees Pre-Approval Policy

The Audit Committee has a formal policy concerning the approval of audit and non-audit services to be provided by Ceridian s independent registered public accounting firm. A copy of this policy can be found on our website at *www.ceridian.com* in the Corporate Governance section. The policy requires that all services that Ceridian s independent registered public accounting firm may provide to Ceridian, including audit services and permitted audit-related and non-audit related services, be pre-approved by the Audit Committee. The Audit Committee may delegate pre-approval authority to one or more of its members who, in turn, must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. Requests or applications to provide services by our independent registered public accounting firm are submitted to the Audit Committee by both our independent registered public accounting firm and the chief financial officer or corporate controller, and must include a joint statement as to whether, in their view, the request or application is consistent with the Securities and Exchange Commission s rules on auditor independence.

The Audit Committee pre-approved all audit, audit-related and non-audit services provided by KPMG in 2006 and 2005 in accordance with its formal policy.

Equity Compensation Plan Information

The following table and accompanying notes provide information about Ceridian common stock that may be issued under all of our existing equity compensation plans as of December 31, 2006.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a))
Equity compensation plans approved by security holders	9,268,989 (1)	$ 19.27 (2)	3,565,233 (3)
Equity compensation plans not approved by security holders	475,526	$ 19.29	51,015 (4)
Total	9,744,515		3,616,248

(1) Column (a) includes stock option and restricted stock unit awards.

Column (a) does not include any unvested restricted stock awards that have been issued.

The Ceridian Corporation Deferred Compensation Plan allows executive officers the opportunity to invest in various book accounts, including one that tracks the performance of our common stock (referred to as phantom stock). Upon distribution, such participants will receive the amounts invested in phantom stock in the form of shares of our common stock that are held in trust that were issued from either the Ceridian Corporation Amended and Restated 2001 Long-Term Stock Incentive Plan, the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended, or a successor plan. Column (a) does not include the number of shares that are currently credited to participants phantom stock accounts as of December 31, 2006.

The Ceridian Corporation Non-Employee Director Compensation Program allows non-employee directors of the board to receive all or a portion of each annual retainer in the form of restricted stock or deferred restricted stock units. The restricted stock and deferred restricted stock units vest over the year, but remain subject to transferability restrictions until the director leaves the board. Upon leaving the board, any such deferred restricted stock units will be paid in the form of shares of our common stock. Awards made under this program are made under either the Ceridian Corporation Amended and Restated 2001 Long-Term Incentive Plan, the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, or a successor plan. Column (a) does not include the number of shares of restricted stock that have been elected by a director as all or a portion of the director s annual retainer. Column (a) does include the number of deferred restricted stock units that have been elected by a director as all or a portion of the director s annual retainer.

(2) Column (b) requires disclosure of the weighted-average exercise price of outstanding options, warrants and rights contained in column (a). Column (a) includes options and restricted stock units that are to be issued under current equity plans of Ceridian. Unlike a stock option, restricted stock units and deferred restricted stock units are issued to a plan participant for no consideration, and therefore their inclusion substantially reduces the weighted-average exercise prices listed in column (b). The weighted-average exercise prices, excluding restricted stock units and deferred restricted stock units, for equity compensation plans approved by our stockholders would be $20.07. No restricted stock units or deferred restricted stock units will be issued under equity compensation plans not approved by our stockholders.

(3) The following number of shares remained available for issuance under each of our equity compensation plans that have been approved by our stockholders as of December 31, 2006. Grants under these plans may be in the form of any of the listed types of awards:

Plan	Number of Shares	Types of Awards
Amended and Restated 2001 Long-Term Stock Incentive Plan	1,483,557	Stock options, restricted stock, performance units
2004 Long-Term Stock Incentive Plan, as amended	2,081,676	Stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, performance awards, stock awards, and other stock-based awards

(4) In 2001, our board adopted the Ceridian Corporation 2001 Savings-Related Share Option Plan (2001 SAYE). The 2001 SAYE has not been approved by our stockholders. This plan was available to employees of our subsidiaries in the United Kingdom and had been approved by Inland Revenue under a save-as-you-earn plan design. Under the 2001 SAYE, employee-participants could commit to save a specified amount from after-tax pay for a fixed period (either three or five years). At the end of the period chosen, participants have the choice to receive the savings amount and accumulated tax-free interest credits either in cash or to use the amount to purchase common stock from Ceridian at an exercise price equal to the market price of our common stock as of the beginning of the savings contract period, less a 15% discount. As of December 31, 2006, 51,015 shares of our common stock are eligible to be purchased under the 2001 SAYE pursuant to savings schemes that were in effect prior to December 31, 2006. In October 2005, the Compensation and Human Resources Committee of our board of directors determined not to permit future savings schemes under the 2001 SAYE.

Compensation Discussion and Analysis

The Compensation and Human Resources Committee of the board of directors (the Compensation Committee) establishes and administers our executive compensation program. The Compensation Committee has direct oversight of the compensation and benefit programs for executive officers and certain other senior-level employees who have significant influence and responsibilities for operations and financial accounting. Reports of the Compensation Committee s actions and recommendations are provided to the full board.

This discussion provides the philosophical principles, specific program elements and other factors considered by the Compensation Committee in making decisions about and the rationale for such decisions regarding executive compensation, including compensation for each person who served as chief executive officer and chief financial officer in 2006 and the next three most highly compensated persons serving as executive officers as of December 31, 2006 (these six individuals are referred to in this proxy statement as the named executives).

Compensation Philosophy and Committee Process

The Compensation Committee s guiding philosophy is to provide a compensation program that will attract, motivate, reward and retain top quality executive leadership for our current and long-term success. To that end, the executive compensation program seeks to:

- emphasize performance-based pay by rewarding superior performance with superior levels of compensation and imposing consequences for underperformance;
- align the interests of senior management with the interests of our stockholders through the use of equity compensation, further emphasized through stock ownership guidelines;
- motivate behaviors that increase the short- and long-term financial performance of our Company; and
- compete appropriately with other companies by evaluating base salary and short- and long-term incentive pay against the external marketplace.

Total compensation (base salary, annual cash performance bonus and long-term equity incentive compensation) generally is targeted in a range between the 50th and 75th percentiles of comparative market data. Greater weight is given to an executive s performance-based compensation (annual cash performance bonus and long-term equity incentives) than to base salary. The higher the level of responsibility an executive has, the greater the executive s total direct compensation emphasizes performance-based compensation. The Compensation Committee believes that a higher level of at-risk pay is appropriate given the influence senior-level executives have on the Company s performance. The executive compensation program also accounts for individual performance, which enables the Compensation Committee to differentiate among executives and emphasize the link between their personal performance and compensation.

In the first quarter of each year the Compensation Committee receives information regarding competitive compensation levels and practices for positions comparable to our executive officer and senior-level positions. This information is obtained from published nationwide compensation surveys compiled by nationally recognized compensation consulting firms. The companies included in the surveys are determined by these compensation consulting firms; therefore, the comparative compensation information is drawn from a much broader range of companies than those included in our peer group index utilized in the stock price performance graph contained in Part II, Item 5 of our Annual Report on Form 10-K, for the year ended December 31, 2006, as amended. General compensation surveys are used because, for many executive positions, our competition for talent is not industry specific. The competitive information, along with each executive s current compensation information, is compiled for comparison purposes by management into a tally sheet for Compensation Committee review. In making annual decisions regarding compensation for the chief executive officer, the Compensation Committee meets in executive session to consider the chief executive officer s performance for the year and the external competitive compensation information from the surveys described above. For all senior-level executives, the Compensation Committee solicits and considers input from the chief executive officer regarding individual performance and potential.

The Compensation Committee also periodically, but no less than annually, reviews termination payment scenarios compiled by management for each of the named executives. In addition, the Compensation Committee periodically reviews all of our benefit and perquisite programs and considers recommendations by management.

2006 Components of Executive Compensation

The principal components of compensation for the named executives were:

- base salary;
- annual cash performance bonus;
- long-term equity incentives;
- other executive benefits and perquisites; and
- employment agreements, which contain termination and change in control benefits.

There is no pre-established policy or target for the allocation among the components of compensation.

Base Salary. Base salary generally is targeted to approximate the 50th percentile of comparative market data. The 50th percentile was selected to assure that we pay approximately the same for a given position as the marketplace, without over- or under-compensating an executive. Deviation from the 50th percentile may be determined to be appropriate based on the Compensation Committee s assessment of the need to attract a particular executive, the responsibilities of the position, the executive s performance and experience, and relative internal reporting relationships, recognizing that not all positions are directly correlated at different companies and not all individuals have the same talents among their peers.

Annual Cash Performance Bonus. Our short-term incentive program consists of an annual cash performance bonus to focus executives and all employees on meeting shorter-term financial and other goals in a time frame that is consistent with our annual business planning. The Compensation Committee determines the goals for the performance bonus plan in conjunction with the board s approval of strategic and operating plans, so that the performance goals support the achievement of these plans. Each named executive s target annual incentive bonus percentage is set as a percentage of base salary, generally within the targeted range of the 50th to 75th percentile of comparative market data. This range supports the compensation philosophy that provides the opportunity for an individual s total compensation to reach up to the 75th percentile of comparative market data based on Company and individual performance. The individual performance plans provide for threshold, target and maximum payments to reward executives for varying degrees of accomplishment of their financial and non-financial performance objectives.

The Compensation Committee established the following annual cash performance bonus percentages for 2006 for Gary A. Krow, Gary M. Nelson, Douglas C. Neve, Robert J. Severson and Ronald L. Turner:

Name	**Threshold Bonus (Percentage of Base Salary)**	**Target Bonus (Percentage of Base Salary)**	**Maximum Bonus (Percentage of Base Salary)**
Gary A. Krow	50 %	80 %	110 %
Gary M. Nelson	50	70	90
Douglas C. Neve	50	80	110
Robert J. Severson	25	40	60
Ronald L. Turner	80	110	140

An executive s annual cash performance bonus plan may have a number of different financial and non-financial criteria for achievement tied to Company performance objectives and individualized based on the executive s ability to influence and contribute to results. The performance criteria established by the Compensation Committee for the 2006 annual cash performance bonus for Messrs. Nelson, Neve, Severson and Turner were as follows:

Objective	Weight	Threshold	Target	Superior
Net Earnings	25 %	$ 141.1M	$ 148.5M	$ 155.9M
Cash Flow from Operations	25 %	$ 123.0M	$ 129.5M	$ 136.0M
Revenue	25 %	$ 1,545.1M	$ 1,576.6M	$ 1,608.1M
Talent Development	25 %	Objective and subjective components in the areas of leadership, mentoring, diversity and succession planning.		

The revenue and net earnings measures were chosen in order to provide a balance between top and bottom line growth, while cash flow recognizes the importance of this measure to the overall health of our business and stock price. The non-financial bonus criteria of talent development was selected because it recognizes the importance of improving our depth of leadership. The performance of our businesses is dependent upon building a core group of management personnel with the appropriate skills, abilities and market knowledge, and continually developing the appropriate succession plans to continue to grow our business.

The performance criteria established for the 2006 annual cash performance bonus for Mr. Krow were as follows:

Objective	Weight	Threshold	Target	Superior
Comdata Earnings Before Taxes	40 %	$ 151.7M	$ 156.3M	$ 160.9M
Stored Value Systems Deferred Gross Billable Fees	10 %	$ 125.2M	$ 129.1M	$ 132.9M
Comdata Revenue	20 %	$ 458.4M	$ 467.8M	$ 477.1M
Six Sigma Cost Savings	15 %	$ 3.5M	$ 4.0M	$ 4.5M
Talent Development	15 %	Objective and subjective components in the areas of leadership, mentoring, diversity and succession planning.		

The Compensation Committee selected Comdata operating income and revenue to provide a balance between top and bottom line growth for the entire Comdata business unit. Deferred gross billable fees for the Stored Value Solutions (SVS) business line of Comdata were chosen because they are an important indicator of future revenue of this business. The cost savings from six sigma projects was selected to encourage continued emphasis on projects that improve Comdata s productivity. As has been noted above, the Compensation Committee selected the non-financial bonus criteria of talent development because it recognized the importance of improving our depth of leadership.

The actual amount of the annual cash performance bonus is subject to the discretion of the Compensation Committee, and the amount can be impacted by significant external events, individual employment status and performance, and unusual business events. As a result, the Compensation Committee has from time to time exercised its discretion and awarded annual cash performance bonuses in excess of the performance achieved by named executives and no annual cash performance bonus to named executives who had achieved their performance goals. For example, in February 2007, the Compensation Committee used its discretion to modify some of the financial targets for Messrs. Krow, Nelson and Neve prior to payment in consideration of unexpected events that primarily occurred during

2006. Specifically, the revenue, cash flow and net earnings financial factors were modified to account for the following: (1) increased revenue deferrals; (2) the impact of strategic business decisions such as the sales of business assets, pension contributions, common stock repurchases and litigation reserves; (3) the operating cash flow impact of the adoption of Statement of Financial Accounting Standards 123R, Share-Based Payment (FAS 123R) and change in fuel prices; and (4) the impact of income tax revenue adjustments.

Long-Term Equity Incentives. Our long-term equity incentive compensation program is in the form of stock options and restricted stock or restricted stock unit awards. The use of equity is designed to motivate long-term improvement of business fundamentals to foster stockholder value through an increased stock price. In the past, awards have been granted annually to all named executives, senior-level executives, a majority of other executives, and a significant number of key contributors based on their level of responsibility, ability to impact results, and individual performance and experience. Each year, the Compensation Committee reviews the overall long-term incentive program and determines the targeted total share pool and grant ranges for specific levels of employees. The grant ranges are expressed in present cash value because this cash value indicates the expense to the Company pursuant to FAS 123R. In 2007, the Compensation Committee modified the long-term equity incentive compensation program to focus awards on successful and high potential employees, which resulted in fewer executives receiving equity awards.

For the named executives, the Compensation Committee generally uses an individually determined cash compensation multiplier, based on position, to determine any long-term equity incentive award. The multiplier is used to ensure that a significant portion, usually a majority, of total direct compensation is delivered in the form of equity rather than cash, supporting the philosophy of giving greater weight to performance-based compensation. The Compensation Committee believes this approach to be consistent with competitive practice. The multiplier for each named executive is based upon the Compensation Committee s judgment of the executive s responsibilities within Ceridian and external competitive norms for the position.

For executives, including the named executives, stock options are awarded to deliver 65% of the long-term equity incentive value and restricted stock (awards or units) are awarded to deliver the remaining 35% of the long-term equity incentive value. The specific stock vehicles were selected to encourage stock ownership and retention (restricted stock awards and units) and motivate accelerated stockholder growth through an increased stock price (stock options). In addition, the long-term equity incentive program targets awards to approximately 10% of salaried employees, selecting these individuals based on their individual performance and ability to impact business results. For these key employees, awards are granted in the form of restricted stock units, to directly align their interest with stockholders, and in part in response to recipients perceived value of this type of award. One third of the amount of stock options, restricted stock awards and restricted stock units vest annually beginning with the first anniversary of the date of grant. Time-based vesting was selected over performance measures because the Compensation Committee determined that the annual cash performance bonus was more effective in attaining performance goals. Stock options expire five years after the date of grant. This term was chosen in order to encourage an accelerated appreciation in stock price.

Annual long-term equity incentive awards have generally been made in the first quarter of the year to existing employees, with the grants made on the day of a Compensation Committee meeting, in order to coordinate the general timing with other compensation actions, such as any annual salary increases and any cash performance bonus payments. Awards are priced based on the closing price on the New York Stock Exchange of a share of common stock on the date of grant. Periodic long-term equity incentive awards are granted throughout the year for newly hired and promoted executives. Such awards are granted at a Compensation Committee meeting or on the first business day of the month, and are not coordinated with the public release of nonpublic material information. The board has delegated authority to the chief executive officer to approve long-term equity incentive awards to certain employees, excluding the named

executives and certain senior executives, up to a maximum dollar value. This delegation acknowledges the chief executive officer s appropriate stewardship of the overall long-term incentive program and relieves the Compensation Committee of this deemed administrative task. The Compensation Committee establishes an annual pool that is available under this delegation and is periodically provided a summary of awards made through this delegation at meetings during the year. Any awards to named executives and certain senior executives, or awards outside the chief executive officer delegation, are made solely by the Compensation Committee.

We maintain stock ownership guidelines for the named executives in order to more closely align the financial position of the executive with our stockholders. The stock ownership guidelines provide that each executive officer should strive to own Ceridian common stock with a market value equal to a multiple of his or her base salary within five years. The guideline is five times base salary for the chief executive officer, three times base salary for Messrs. Neve and Krow, and two times base salary for Messrs. Nelson and Severson. As of December 31, 2006, Ms. Marinello and Messrs. Krow and Nelson had exceeded their stock ownership goals and Messrs. Neve and Severson had achieved over 90 and 70 percent of their respective ownership goals. As of his retirement date in October 2006, Mr. Turner had satisfied his stock ownership goal.

Other Executive Benefits and Perquisites. We offer certain benefit and perquisite programs for the named executives and other senior-level executives. The Compensation Committee believes that these programs are necessary to be competitive in attracting and retaining top quality leaders. The Compensation Committee periodically reviews the benefit and perquisite programs to ensure the programs remain competitive, cost-effective, and in-line with the original goals of the programs. Except as indicated, all named executives are eligible for the following programs:

Deferred Compensation Plan. We maintain a deferred compensation plan that allows executives to defer receipt of up to 100% of their base salary and/or annual cash performance bonus into accounts that track the performance of investment funds. This plan was established to give executives an additional tax-deferred method to save for retirement, education or other significant expenditures. In addition, all named executives except Mr. Severson may select a phantom investment fund in the plan that is designed to mirror the performance of our common stock. If there is an investment into the phantom stock fund, the named executive receives a matching contribution equal to 15% of the executive s allocation to that investment. This provision was put in place in 2001 to encourage named executives to meet their stock ownership requirements.

Defined Contribution Retirement Plans. We sponsor a defined contribution 401(k) retirement plan for U.S. employees that provides for voluntary employee contributions and a company match. This plan is our primary retirement plan for U.S. employees. We have also established a 401(k) restoration matching contribution program for executives whose 401(k) plan employer matching contributions are limited by IRS regulations. In addition, for the named executives except Messrs. Severson and Turner, we make supplemental executive retirement plan (SERP) contributions. Both the 401(k) restoration and SERP contributions are credited annually to the executive s account in our deferred compensation plan. The 401(k) restoration and SERP programs are intended to provide an enhanced retirement benefit to those executives who did not participate in any defined benefit pension plan in order to attract and retain mid-career executives.

Defined Benefit Pension Plans. We maintain a defined benefit pension plan for certain of our U.S. employees, which has been closed to new participants since January 2, 1995. Prior to this date, this pension plan was the primary retirement plan for employees. We also established a benefit equalization plan for executives whose pension plan accruals are limited by IRS regulation. Of the named executives, Messrs. Severson and Turner participated in the defined benefit pension plan and the benefit equalization plan. In addition, in 1999 Mr. Turner was provided an individually-negotiated

defined benefit supplemental executive retirement plan as described below under the heading 2006 Compensation for Named Executives Ronald L. Turner.

Other Supplemental Benefits and Perquisites. We provide the named executives with certain miscellaneous benefits, including long-term care insurance and enhanced short- and long-term disability programs, and one additional week of vacation leave (with the exception of Mr. Krow). Further, all named executives (with the exception of Mr. Severson) may obtain an annual executive physical for themselves at our expense, and their spouses may also obtain an annual physical, the cost of which is income to the executive. As part of her employment agreement, we agreed to provide Ms. Marinello with an allowance, to be determined periodically by the Compensation Committee, for membership in a country club of her choice. Ms. Marinello has not yet requested this allowance. In 2006, we owned a country club membership for business purposes, and designated Mr. Nelson as one of the authorized users. Mr. Nelson had no personal use of the membership in 2006. We also reimbursed Mr. Neve for the cost of business use of his individual owned club membership. Club memberships were available to Mr. Turner prior to his retirement. Any personal use of a club membership is paid for by the executive or included as income. Many of these programs were established years ago when the use of such perquisites was considered a required competitive benefit. The Compensation Committee continues to review the necessity and value of these programs. As a result of a review in 2006, the long-term care insurance program was significantly reduced for new named executives and the Company-owned golf club membership was canceled.

In addition, we generally provide a cash payment in lieu of certain other perquisites to executives. The cash payment is intended to replace common competitive perquisites and provide increased flexibility for the executive while reducing our administration. As a result, we generally do not provide common perquisites such as a car allowance, financial counseling, legal counseling, et cetera to executives.

The Compensation Committee has approved a policy that permits non-employee directors, the named executives, and other senior or key personnel (authorized in advance by the chief executive officer) to use our airplane for personal use. In addition, a spouse or other family member may accompany a director or executive on our airplane. The director or executive incurs income calculated at the Standard Industry Fare Level (SIFL) rates for any personal use of our airplane.

Employment Agreements and Termination and Change in Control Benefits. Of the named executives, we have employment agreements with Ms. Marinello and Mr. Nelson, and we had employment agreements with Messrs. Krow, Neve and Turner. The primary purpose of the agreements is to establish the terms of employment and to protect both Ceridian and the individual. We are provided with reasonable protections that the executive will perform at acceptable levels and will not compete with, disparage, or solicit employees from Ceridian after termination of the employment relationship. The executive is provided financial protection in the event of certain reasons for termination of employment, in recognition of the executive s professional career and a foregoing of present and future career options. The employment agreements provide for severance payments in the event of certain categories of termination. The form of employment agreements entered into with Messrs. Krow, Nelson, Neve and Turner were designed to recognize the risk associated with senior level executive positions and the possibility of acquisition. Modifications were made to the form of executive employment agreement during the negotiation process with Ms. Marinello, in consideration of current competitive employment provisions and to comply with new rules related to post-termination payments under Section 409A of the Code for senior executives of all public companies.

Tax and Accounting Implications

In determining specific elements and payment of compensation for the named executives, the Compensation Committee considers how such decisions may affect Ceridian and the individual executive.

The following highlights certain tax and accounting rules that may be considered by the Compensation Committee.

Deductibility of Executive Compensation. Section 162(m) of the Code limits to $1 million the tax deduction for annual compensation paid to each of the named executives unless certain requirements are met. One of these requirements is that the individual compensation in excess of $1 million be based on attainment of performance goals established in the manner prescribed by Section 162(m). The Compensation Committee supports the philosophy that a significant portion of the total compensation provided to an executive should be performance based. At the same time, the Compensation Committee believes that it is important to retain the flexibility to tailor the compensation program in the manner it believes to be most beneficial to Ceridian and its stockholders. Therefore, the Compensation Committee has not adopted a policy that all compensation must be deductible.

In 2006, we were not able to deduct compensation in excess of $1 million for Ms. Marinello. As Mr. Turner was not an employee at the end of 2006, all payments made to Mr. Turner in 2006 were exempt from Section 162(m), and thus were able to be fully deducted.

Nonqualified Deferred Compensation. On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, creating Section 409A of the Code and changing the tax rules applicable to nonqualified deferred compensation arrangements. We believe that we have been operating in good faith compliance with the statutory provisions that began effective January 1, 2005. In 2006, we amended our deferred compensation plan, benefit equalization plan, and certain of our employment agreements to reflect the requirements of Section 409A.

Accounting for Stock-Based Compensation. Beginning on January 1, 2006, we began accounting for all stock-based payments in accordance with the requirements of FAS 123R. The compensation expense is a significant factor in determining the amount of all stock awards and stock option awards to employees.

2006 Compensation for Named Executives

Kathryn V. Marinello. Ms. Marinello became president and chief executive officer on October 20, 2006 following an extensive, well-defined search by the board. The non-executive members of the board authorized L. White Matthews, III, Chairman of the board, and Ronald T. LeMay, Chair of the Nominating and Corporate Governance Committee, to lead the executive search with the assistance of an independent privately-held global executive search firm. Messrs. Matthews and LeMay reviewed the compensation of Mr. Turner, retiring president and chief executive officer, and competitive compensation data provided by management and the executive search firm. Based upon this information, Messrs. Matthews and LeMay recommended the approval of all elements of Ms. Marinello s compensation and her employment agreement to the Compensation Committee and the non-executive members of the board. The Compensation Committee and the non-executive members of the board authorized Ms. Marinello s compensation and employment agreement.

Ms. Marinello s initial base salary was set at $780,000, based on an updated salary analysis completed earlier in the year for Mr. Turner. For the period commencing October 20, 2006 through December 31, 2007, Ms. Marinello s annual cash incentive bonus is targeted at 110% of her base salary, with a maximum payment of 140% of base salary. These are the incentive percentages previously established by the Compensation Committee for the chief executive officer position. Any cash performance bonus payment to Ms. Marinello for 2006 and 2007 will be paid at the beginning of 2008, based on approximately 15 months of service in recognition that Ms. Marinello was not at the Company long enough in 2006 to significantly impact 2006 financial results.

On October 20, 2006, the date she became an employee, Ms. Marinello was granted stock options and restricted stock with a combined present value of $4,100,000 as of October 20, 2006. The amount reflects the Compensation Committee past practice of determining long-term incentive compensation by multiplying total cash compensation (base salary plus target annual cash performance bonus) by 2.0, the

multiple traditionally used by the Compensation Committee for the chief executive officer. This amount in turn was then multiplied by 1.25 representing service to be rendered by Ms. Marinello in 2006 and 2007. In addition, to replace unvested equity awards granted by her former employer, Ms. Marinello was granted a retention bonus restricted stock award valued at $2,500,000 as of October 20, 2006. In the event of termination without cause by the Company or termination for good reason by Ms. Marinello prior to October 1, 2007, one-third of these stock option and restricted stock awards granted will vest. This accelerated vesting was approved by the non-executive members of the board in recognition of the compensation and career risk associated with Ms. Marinello accepting a new position as chief executive officer. Cause and good reason have the meanings set forth in Ms. Marinello s employment agreement.

To recruit Ms. Marinello, the non-executive members of the board determined it was necessary to replace certain compensation elements that she would lose from her prior employer in accepting her position with Ceridian. In addition to the restricted stock retention award discussed above, a sign-on bonus of $950,000 was provided to compensate Ms. Marinello for the expected annual cash bonus she would have received from her prior employer for 2006. Further, $10,000 of legal expenses associated with negotiating the terms of her employment agreement was paid on Ms. Marinello s behalf.

Douglas C. Neve. Mr. Neve served as executive vice president and chief financial officer during 2006 and until his resignation effective as of March 8, 2007. A description of the mutual termination agreement entered into with Mr. Neve is described below under the heading 2007 Compensation Actions for Named Executives. In 2006, after reviewing competitive data, the Compensation Committee maintained Mr. Neve s base salary at $400,000, and granted a long-term equity incentive award with a present cash value of $980,000, based on the Compensation Committee s total cash compensation multiplier of 1.2 for long-term equity incentive awards for his position. Based on the financial results and a subjective evaluation of Mr. Neve s performance related to his talent development objective, a cash performance bonus payment of 92% of base salary was awarded to Mr. Neve for 2006 and paid in 2007.

Gary A. Krow. Mr. Krow served as executive vice president and president of Comdata during 2006 and until the termination of his employment, effective May 14, 2007. In 2006, Mr. Krow s base salary was increased by 7% to $375,000 to bring the base salary to the 61st percentile of salary survey data, in recognition and reward for the continued strong performance of the Comdata business. Further, in 2006, Mr. Krow was granted a long-term equity incentive award with a present cash value of $960,000, based on the Compensation Committee s total cash compensation multiplier of 1.3 for long-term equity incentive awards for his position. Based on financial results and a subjective evaluation of Mr. Krow s performance related to his talent development and six sigma objectives, a cash performance bonus payment of 96% of base salary was awarded to Mr. Krow for 2006 and paid in 2007.

Gary M. Nelson. Mr. Nelson served as executive vice president, chief administrative officer, general counsel and corporate secretary during 2006. In 2006, the Compensation Committee increased Mr. Nelson s base salary by 11% to $350,000 in order to bring the base salary to the 50th percentile of salary survey data. In 2006, Mr. Nelson also was granted a long-term equity incentive award with a present cash value of $700,000, based on the Compensation Committee s total cash compensation multiplier of 1.2 for long-term equity incentive awards for his position. Based on the financial results and a subjective evaluation of Mr. Nelson s performance related to his talent development objective, a cash performance bonus payment of 78% of base salary was awarded to Mr. Nelson for 2006 and paid in 2007.

Robert J. Severson. Mr. Severson retired as senior vice president, Corporate Technology, effective December 31, 2006. In 2006, the Compensation Committee maintained Mr. Severson s base salary at $250,000 because it was deemed by the Compensation Committee as competitive with similar positions at companies in our peer group. The Compensation Committee further granted Mr. Severson a long-term equity incentive award with a present cash value of $225,000, using our internal grant guidelines for senior vice presidents and accounting for the level of his responsibilities within Ceridian. At a meeting held on December 14, 2006, in anticipation of his retirement and based on the projected financial results of the

Company and a subjective evaluation of Mr. Severson s performance related to his talent development objective, a cash performance bonus payment of 40% of base salary was awarded to Mr. Severson for 2006.

Ronald L. Turner. Mr. Turner served as president and chief executive officer until his retirement effective October 20, 2006. His compensation for 2006 was determined during an executive session of the Compensation Committee to evaluate his performance. For 2006, Mr. Turner s annual base salary was increased 3.4% to $750,000. The decision to increase his annual base salary was made after reviewing competitive base salary information for chief executive officers pursuant to the Compensation Committee s practice. At the same time, the Compensation Committee granted Mr. Turner a long-term equity incentive award with a present cash value of $3,400,000, based on the Compensation Committee s total cash compensation multiplier of 2.0 for long-term equity incentive awards for his position.

In connection with Mr. Turner s retirement, the Compensation Committee agreed to consider a pro rata bonus for his 2006 service. At a meeting held on September 20, 2006, the Compensation Committee approved a bonus payment of $752,568 for Mr. Turner, reflecting 125% of his base salary and paid pro rata based on the number of days served as president and chief executive officer in 2006. The amount of Mr. Turner s cash performance bonus was determined based upon an eight month review of our financial performance and forecasted year end financial performance, and the Compensation Committee s subjective review of his performance against his talent development objective.

Mr. Turner was a participant in our defined benefit pension plan and our non-qualified defined benefit equalization plan, and was provided an individual defined benefit SERP. The terms of the SERP were negotiated when Mr. Turner assumed the position of president, chief executive officer and chairman of the board. At that time, the Compensation Committee believed that SERP benefits were a competitive practice and were necessary to attract and retain chief executive officers.

2007 Compensation Actions for Named Executives

In February 2007, the Compensation Committee granted annual performance bonus awards for 2006 performance to Messrs. Krow, Nelson and Neve, as described above, and provided 2007 annual base salary increases for Messrs. Krow and Nelson. Mr. Krow s base salary was increased 33% from $375,000 to $500,000 to align this salary with that of a principal executive of a subsidiary. The Compensation Committee believed at the time that this characterization better reflected the nature of Mr. Krow s position. Mr. Nelson s base salary was increased 4% from $350,000 to $365,000.

In addition, in February 2007, the Compensation Committee provided Mr. Krow with a one-time 72,993 restricted stock unit retention award which would have vested in full upon the third anniversary of the date of grant, and established for 2007 his target annual cash performance bonus percentage at 100% of his base salary, with a threshold bonus percentage equal to 70% of his base salary and a maximum possible bonus equal to 130% of his base salary to further align his compensation with that of a principal executive of a subsidiary. Mr. Krow s employment was terminated effective as of May 14, 2007 and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

In March 2007, we entered into a mutual termination agreement with Mr. Neve pursuant to which Mr. Neve resigned as an officer of Ceridian. The terms of the mutual termination agreement provided for payments contemplated by Mr. Neve s employment agreement for a termination without cause and also provided for the accelerated vesting of unvested stock options and restricted stock and restricted stock units held by Mr. Neve. The board determined that the vesting of such unvested awards was appropriate in light of the contributions Mr. Neve made to the financial organization of Ceridian.

Further, in March 2007, we hired Gregory Macfarlane as executive vice president and chief financial officer to succeed Mr. Neve. The Compensation Committee provided Mr. Macfarlane with the following compensation:

- an annualized base salary of $350,000;

- an annual cash performance bonus in 2007 with a target bonus at 70% of his base salary, a threshold bonus equal to 50% of his base salary and a maximum possible bonus equal to 90% of his base salary, pursuant to criteria to be established by the Compensation Committee;

- a supplemental annual cash payment in lieu of additional perquisites in the amount of $25,000;

- a non-qualified stock option award to purchase 40,750 shares of the Company s common stock granted on March 26, 2007 (the commencement date of his employment), with an exercise price of $33.07 equal to the fair market value of the Company s common stock as of the close of business on March 26, 2007, which will vest ratably in 33-1/3% increments on March 26, 2008, 2009 and 2010;

- a 17,250 share restricted stock award granted on March 26, 2007, which will vest ratably in 33-1/3% increments on March 26, 2008, 2009 and 2010;

- a $150,000 cash signing bonus; and

- an annual SERP contribution to an account in Mr. Macfarlane s name in our Deferred Compensation Plan in the amount of 8% of his annual base salary and annual cash performance bonus award.

After reviewing competitive data, the Compensation Committee established Mr. Macfarlane s total base salary and annual performance bonus at approximately the 50th percentile of comparative market data. The stock option award and 7,250 shares of restricted stock were awarded to Mr. Macfarlane with present cash value of approximately $684,000, based on the Compensation Committee s total cash compensation multiplier of 1.1 for long-term equity incentive awards for his position. The signing bonus and 10,000 shares of restricted stock were awarded to compensate Mr. Macfarlane for the loss of stock options and restricted stock that would be forfeited at his prior employer. Mr. Macfarlane also received an employment agreement in the form recently provided to certain newly hired senior executives.

On March 28, 2007, the Compensation Committee also set annual cash performance bonus criteria for Ms. Marinello and Messrs. Krow and Nelson.

On May 26, 2007, the board of directors approved the annual equity compensation award to Mr. Nelson, in the amount of 6,890 restricted stock units and a stock option to purchase 45,697 shares of our common stock with an exercise price of $33.02 per share.

On May 14, 2007, we terminated the employment of Mr. Krow as to all positions held at the Company, and its subsidiaries, including Comdata and its subsidiaries, for cause, including for violations of Ceridian s Code of Conduct. Information about the misconduct came to the attention of the board of directors of the Company through documents and testimony provided in legal proceedings commenced by Pershing Square.

Compensation Committee Report

The Compensation and Human Resources Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with Ceridian s management. Based upon the review and discussions noted above, the Compensation and Human Resources Committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and our Annual Report on Form 10-K, for the year ended December 31, 2006, as amended.

Compensation and Human Resources Committee

Nicholas D. Chabraja, Chair
Ronald T. LeMay
Richard Szafranski
Alan F. White

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Chabraja (Chair), LeMay, Szafranski and White, all of whom are independent non-management directors. None of the Compensation Committee members has served as an officer or employee of Ceridian, and none of our executive officers has served as a member of a Compensation Committee or board of directors of any other entity, which has an executive officer serving as a member of our board of directors.

Executive Compensation

Summary Compensation Table

The following table summarizes the compensation awarded to, paid to or earned by the named executives in 2006:

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)		Stock Awards (1) ($) (e)	Option Awards (1) ($) (f)	Non-Equity Incentive Plan Compensation (2) ($) (g)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (3) ($) (h)	All Other Compensation (4) ($) (i)	Total ($) (j)
Kathryn V. Marinello (5) *President and Chief Executive Officer*	2006	$ 138,000	$ 950,000		$ 225,646	$ 165,253	$ 0	$ 0	$ 66,040	$ 1,544,939
Douglas C. Neve (6) *Former Executive Vice President and Chief Financial Officer*	2006	400,000	0		221,308	530,239	369,048	0	128,486	1,649,081
Gary A. Krow (7) *Former Executive Vice President and President of Comdata*	2006	371,561	0		229,177	436,104	360,750	0	126,924	1,524,516
Gary M. Nelson *Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary*	2006	344,615	0		226,209	447,264	273,611	0	96,857	1,388,556
Robert J. Severson (8) *Former Senior Vice President, Corporate Technology*	2006	255,807	0		120,406	269,740	100,000	281,483	72,439	1,100,053
Ronald L. Turner (9) *Former President and Chief Executive Officer*	2006	617,153	752,568	(10)	1,685,404	3,813,310	0	2,423,018	501,456	9,972,909

(1) Represents the recognized FAS 123R expense in 2006 of stock option, restricted stock, and restricted stock unit awards granted in 2006 and prior years, as indicated in the table below. Assumptions used in the calculation of these amounts are included in footnote 8 to our audited financial statements included in our Annual Report on Form 10-K, for the year ended December 31, 2006, as amended.

Name and Year of Award	Restricted Stock and Restricted Stock Units Award Expense ($)	Stock Option Expense ($)
Kathryn V. Marinello		
2006 Award	$ 225,646	$ 165,253
Douglas C. Neve		
2005 Award	134,627	343,440
2006 Award	86,681	186,799
TOTAL:	221,308	530,239
Gary A. Krow		
2003 Award	5,167	2,923
2004 Award	66,952	66,119
2005 Award	72,138	184,064
2006 Award	84,920	182,998
TOTAL:	229,177	436,104
Gary M. Nelson		
2003 Award	3,448	1,952
2004 Award	44,635	44,082
2005 Award	43,556	111,113
2006 Award	134,570	290,117
TOTAL:	226,209	447,264
Robert J. Severson		
2003 Award	1,239	987
2004 Award	18,724	20,143
2005 Award	21,722	78,875
2006 Award	78,721	169,735
TOTAL:	120,406	269,740
Ronald L. Turner		
2003 Award	15,093	10,577
2004 Award	245,434	278,205
2005 Award	234,907	959,835
2006 Award	1,189,970	2,564,693
TOTAL:	1,685,404	3,813,310

(2) With the exception of Mr. Severson, the amounts in column (g) represent annual cash performance bonus plan payments earned by the named executives in 2006 and paid in 2007. In our previous proxy statements, amounts earned under our annual cash performance bonus plans were reported as a bonus. For Mr. Severson, on December 14, 2006, the Compensation Committee awarded him a cash performance bonus for service in 2006. The bonus award was based on the performance bonus targets established for Mr. Severson and his performance against those targets to date and our projected financial performance through the end of 2006.

(3) Represents the change in pension value for Messrs. Turner and Severson, the only named executives eligible for the tax-qualified and non tax-qualified defined benefit pension plans. Additional

discussion of these plans and the method and assumptions used to calculate amounts thereunder can be found in the Executive Compensation section of this proxy statement under the heading Pension Benefits.

(4) The amounts shown in this column include the following:

Name	Cash In Lieu of Other Perks (a)	401(k) Match (b)	Restoration Match (c)	Supplemental Match (d)	Use of Corporate Aircraft (e)	Long-Term Care Insurance (f)	Other Personal Benefits (g)
Kathryn V. Marinello	$ 45,000	$ 0	$ 0	$ 11,040	$ 0	$ 0	$ 10,000
Douglas C. Neve	25,000	8,800	23,200	57,600	161	6,975	6,750
Gary A. Krow	25,000	8,800	21,462	53,562	0	8,918	9,182
Gary M. Nelson	17,000	8,800	15,825	45,249	0	9,983	0
Robert J. Severson	15,288	3,300	2,310	0	99	178	51,442
Ronald L. Turner	37,212	3,300	0	0	47,543	9,162	404,239

(a) We provide a cash payment in lieu of certain perquisites to our executives.

(b) Reflects amount of contributions to qualified 401(k) plans offered to all employees.

(c) We provide for supplemental 401(k) restoration employer matching contributions of up to 4% of gross pay above government-imposed compensation limits for participants in our deferred compensation plan. Mr. Turner was not eligible for this restoration match as he was not employed at the end of 2006.

(d) We provide defined contribution supplemental executive retirement plan (SERP) employer contributions to our deferred compensation plan that vest in three years from the date of contribution. Messrs. Turner and Severson were not eligible for the defined contribution SERP.

(e) In accordance with Securities and Exchange Commission regulations, we report the use of our airplane by our named executives as a perquisite or other personal benefit unless it is integrally and directly related to the performance of the executive s duties. The amounts we report in the table above are consistent with this standard. The SEC rules require that we report such use based upon Ceridian s aggregate incremental cost. We estimate the incremental cost to Ceridian of use of our airplane based upon the cost of fuel, trip related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs and other miscellaneous variable costs. Since our airplane is used primarily for business travel, fixed costs that do not change based upon usage, such as pilots salaries, annual lease costs and cost of maintenance not related to trips, are not deemed to be incremental cost to Ceridian for personal use of the aircraft. The aggregate incremental cost to Ceridian for the personal use of our airplane is attributed to the individual. Any additional direct incremental cost that is incurred by us from the personal use of our airplane by a spouse or family member who may be accompanying a director or executive is also attributed to that individual.

(f) Represents employer-paid premiums to long-term care insurance policies.

(g) For Ms. Marinello, the amount represents payment of fees to legal counsel representing Ms. Marinello in the negotiation of her employment agreement. For Mr. Neve, the amount represents the cost of the executive physical program. For Mr. Krow, the amount represents income recognized for reimbursement of travel expenses for his spouse to attend corporate events. For Mr. Turner, the amount includes $84,041 of premiums paid by the Company for an endorsed split dollar life insurance arrangement, $80,000 representing release of our interest in a country club membership effective with his retirement, $6,763 in personal use of a corporate country club membership, $949 in expense for a home security system, $16,621 for the executive

physical program, $111,779 in final payout of vested accrued personal days off effective with his retirement, and $104,086 paid as a first installment of his accrued account under our deferred compensation plan. For Mr. Severson, the amount represents the pre-payment of his vested accrued personal days off effective with his retirement.

(5) Ms. Marinello joined Ceridian on October 20, 2006 as president and chief executive officer. The amount in column (d) reflects a one-time cash sign-on bonus.

(6) Mr. Neve resigned as an officer of Ceridian effective March 8, 2007.

(7) The Company terminated Mr. Krow s employment, effective as of May 14, 2007, and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

(8) Mr. Severson retired from Ceridian effective December 31, 2006. As a result of his retirement, Mr. Severson forfeited 4,074 shares of restricted stock that had not vested as of his retirement date.

(9) Mr. Turner retired from Ceridian effective October 20, 2006. As a result of his retirement, Mr. Turner forfeited 46,624 shares of restricted stock that had not vested as of his retirement date.

(10) On September 20, 2006, the Compensation Committee awarded Mr. Turner a pro rata bonus based upon 293 days of service in 2006. The discretionary bonus award was based upon the performance bonus targets established for Mr. Turner and his performance against those targets to date and our projected performance through year end based upon our financial performance as of August 31, 2006. The amount of Mr. Turner s bonus equaled 125% of his pro rated annualized base salary for 2006.

-87-

Grants of Plan-Based Awards

As discussed in the Compensation Discussion and Analysis section above, we provide for annual cash performance bonus awards and long-term equity incentive awards consisting of stock option awards and restricted stock and/or restricted stock unit awards to our named executives. The following table provides information on each grant made to a named executive under any plan during 2006. No consideration was paid by the named executive to receive any of the awards listed below.

Name (a)	**Grant Date** (1) **(b)**	**Approval Date (if different than Grant Date)** (1)	**Estimated Future Payouts Under Non-Equity Incentive Plan Awards** (2) **Threshold ($) (c)**	**Target ($) (d)**	**Maximum ($) (e)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)** (3) **(i)**	**All Other Option Awards: Number of Securities Underlying Options (#)** (4) **(j)**	**Exercise or Base Price of Option Awards ($/Sh)** (5) **(k)**	**Grant Date Fair Value of Stock and Option Awards ($) (l)**
Kathryn V. Marinello (6)	N/A		$ 780,000	$ 1,072,500	$ 1,365,000				
	10/20/06	10/01/06				162,790			3,849,984
	10/20/06	10/01/06					352,361	23.65	2,819,557
Douglas C. Neve	N/A		200,000	320,000	440,000				
	02/17/06					13,290			343,015
	02/17/06						79,610	25.81	739,203
Gary A. Krow (7)	N/A		187,500	300,000	412,500				
	02/17/06					13,020			336,046
	02/17/06						77,990	25.81	724,161
Gary M. Nelson	N/A		175,000	245,000	315,000				
	02/17/06					9,490			244,937
	02/17/06						56,870	25.81	528,055
Robert J. Severson	N/A		62,500	100,000	150,000				
	02/17/06					3,050			78,721
	02/17/06						18,280	25.81	169,735
Ronald L. Turner	N/A		600,000	825,000	1,050,000				
	02/17/06					46,105			1,189,970
	02/17/06						276,210	25.81	2,564,693

(1) On October 1, 2006, we entered into an employment agreement with Ms. Marinello relating to Ms. Marinello s service as president and chief executive officer. The employment agreement details the terms of Ms. Marinello s annual cash performance award and long-term equity awards approved on the effective date of the agreement. The actual grant date of the long-term equity awards was October 20, 2006, the first day of Ms. Marinello s employment with Ceridian.

(2) Other than with respect to Ms. Marinello, as described in footnote (1) above, these columns show the range of payouts targeted for 2006 performance under our annual cash performance bonus plan. The bonus payments for 2006 performance have been made based on the metrics described in the Compensation Discussion and Analysis and are shown in the Summary Compensation Table in the column titled Non-Equity Incentive Plan Compensation.

(3) All Other Stock Awards consist of restricted stock awards and/or restricted stock unit awards granted under the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended.

(4) All Other Option Awards consist of non-qualified stock option awards granted under the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended.

The stock options granted to the named executives have a reload feature, meaning a reload option is granted when an option is exercised and payment of the exercise price is made by delivery of previously owned shares of Ceridian common stock. Each reload option is granted for the number of shares of Ceridian common stock tendered as payment for the exercise price and tax withholding of the underlying option. The exercise price of a reload option is equal to the fair market value (closing price on the New York Stock Exchange) of a share of Ceridian common stock on the date of grant. A reload option is exercisable in full on the date of grant and expires on the same date as the underlying option. No reload options were granted to a named executive in 2006.

(5) The exercise price of each option is equal to the market value (closing price on the New York Stock Exchange) of a share of Ceridian common stock on the date of grant.

(6) Pursuant to the terms of Ms. Marinello s employment agreement, the annual cash performance bonus, if any, to be received by Ms. Marinello for services rendered in 2006 will be reflected in the 2007 annual cash performance bonus, if any. The amounts listed under the column caption Estimated Future Payouts Under Non-Equity Incentive Plan Awards for Ms. Marinello reflects the amount of a 2007 annual cash performance bonus multiplied by 1.25 to reflect

approximately 15 months of service to be provided by Ms. Marinello in 2006 and 2007.

(7) The Company terminated Mr. Krow s employment, effective as of May 14, 2007, and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning unexercised stock options, restricted stock or restricted stock units that have not vested, and other equity incentive awards held by a named executive that remain outstanding as of December 31, 2006.

Name (a)	Option Awards (1) Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)		Option Exercise Price ($) (e)	Option Expiration Date (f)	Stock Awards Number of Shares or Units of Stock Held That Have Not Vested (#) (2) (g)		Market Value of Shares or Units of Stock That Have Not Vested ($) (h)
Kathryn V. Marinello	0	352,361	(3)	23.65	10/20/11			
						57,082	(3)	$ 1,597,154
						105,708	(3)	2,957,710
Douglas C. Neve (4)	55,105	110,210	(5)	18.16	02/24/10			
		79,610	(6)	25.81	02/17/11			
						18,370	(5)	513,993
						13,290	(6)	371,854
Gary A. Krow (7)		23,843	(8)	20.56	01/31/09			
		59,066	(5)	18.16	02/24/10			
		77,990	(6)	25.81	02/17/11			
						3,975	(8)	111,221
						9,843	(5)	275,407
						13,020	(6)	364,300
Gary M. Nelson	40,404			20.35	10/21/08			
	53,872			14.80	10/20/09			
	50,750			14.55	01/21/08			
	31,794	15,896	(8)	20.56	01/31/09			
	17,829	35,656	(5)	18.16	02/24/10			
		56,870	(6)	25.81	02/17/11			
						2,650	(8)	74,147
						5,943	(5)	166,285
						9,490	(6)	265,530
Robert J. Severson (9)	23,480			17.33	01/05/08			
	26,665			14.55	01/21/08			
	20,000			20.56	01/31/09			
	26,665			18.16	02/24/10			
	13,468			21.32	09/18/08			
	26,936			20.35	10/21/08			
	20,202			14.80	10/20/09			
		18,280	(6)	25.81	02/17/11			
						3,050	(6)	85,339
Ronald L. Turner (9)		276,210	(6)	25.81	02/17/11			
						46,105	(6)	1,290,018

(1) Represents grants of non-qualified stock options under the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended, or the Ceridian Corporation Amended and Restated 2001 Long-Term Stock Incentive Plan. Except as indicated in note 3 below, so long as the named executive remains employed by Ceridian, the non-qualified stock option grants have 3-year elapsed time vesting schedules, with one-third cumulative vesting on the first, second and third anniversary of the date of grant. The exercise price is determined based on the closing price on the New York Stock Exchange of a share of Ceridian common stock on the date of

grant. Stock options granted prior to 2001 expire ten years from the date of grant; stock options granted in 2001 and beyond expire five years from the date of grant.

(2) Represents grants of restricted stock and restricted stock units under the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended, or grants of restricted stock under the Ceridian Corporation Amended and Restated 2001 Long-Term Stock Incentive Plan. Except as indicated in note 3 below, so long as the named executive remains employed by the Company, one-third of the restricted stock and restricted stock units vests on the first, second and third anniversary of the date of grant.

(3) Subject to Ms. Marinello s continued employment, all option and restricted stock awards vest one-third each year on October 1, 2007, 2008 and 2009. Pursuant to the terms of Ms. Marinello s employment agreement, if Ms. Marinello s employment is terminated by us without cause or by Ms. Marinello for good reason before October 1, 2007, and if Ms. Marinello executes (and does not effectively rescind) a release of all claims against the Company, then 33-1/3% of the non-qualified stock option and restricted stock awards listed in the table will become fully vested and exercisable. Cause and good reason have the meanings set forth in Ms. Marinello s employment agreement.

(4) In connection with the mutual termination agreement entered into with Mr. Neve on March 8, 2007, all of Mr. Neve s unvested outstanding equity listed in the table vested on March 24, 2007. Such vested stock option awards remain exercisable for ninety (90) days from March 8, 2007.

(5) One half of the remaining award vests on each of February 24, 2007 and 2008.

(6) One third of the award vests on each of February 17, 2007, 2008 and 2009.

(7) The Company terminated Mr. Krow s employment, effective as of May 14, 2007, and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

(8) The award vests on January 31, 2007.

(9) Messrs. Turner and Severson retired on October 20, 2006 and effective December 31, 2006, respectively. As a result of their retirements and pursuant to the terms of their award agreements, all unvested stock options which were granted prior to 2006 became immediately exercisable in full, and all outstanding unvested restricted stock awards were forfeited. All outstanding unvested restricted stock units and all unvested stock options granted in 2006 will continue to vest according to the original vesting schedule. As Mr. Severson was employed by Ceridian on December 31, 2006, any acceleration of vesting or forfeiture of awards occurred in 2007 following his retirement. Such vested stock option awards remain exercisable for the remainder of their original terms.

Option Exercises and Stock Vested

The following table provides information concerning each exercise of stock options and vesting of restricted stock or restricted stock units during 2006 for each named executive on an aggregate basis.

Name (a)	**Option Awards Number of Shares Acquired on Exercise (#) (b)**	**Value Realized on Exercise ($)** (1) **(c)**	**Stock Awards Number of Shares Acquired on Vesting (#) (d)**	**Value Realized on Vesting ($)** (2) **(e)**
Kathryn V. Marinello	0	$ 0	0	$ 0
Douglas C. Neve	0	0	9,185	236,055
Gary A. Krow	498,759	4,241,322	13,120	328,822
Gary M. Nelson	215,067	1,707,096	8,440	211,330
Robert J. Severson	52,121	391,515	4,075	100,942
Ronald L. Turner	2,252,171	16,144,027	42,935	1,075,983

(1) The aggregate dollar value realized on exercise is the difference between the market price on the date of exercise of the shares of Ceridian common stock underlying the option exercised and the exercise price of such option, multiplied by the number of shares of Ceridian common stock subject to the option exercised.

(2) The aggregate dollar value realized on vesting is the market price of the underlying Ceridian common stock on the vesting date multiplied by the number of shares or units vested.

Pension Benefits

Messrs. Turner and Severson were the only named executives covered by tax-qualified and non tax-qualified defined benefit pension plans in 2006. We maintain a tax-qualified defined benefit pension plan for certain of our U.S. employees that is funded by employee and employer contributions, which has been closed to new participants since January 2, 1995. The amount of the annual benefit under the plan is based upon an employee s average annual compensation (salary and annual bonus) during the employee s highest consecutive five-year earnings period with Ceridian (or Ceridian s predecessor) while participating in the plan (final average pay). The normal retirement benefit is payable as a monthly annuity at age 65. It is equal to 1.2% of final average pay multiplied by years of credited service, plus 0.4% of final average pay above the breakpoint multiplied by years of credited service (up to 30 years maximum). The breakpoint is equal to 125% of Social Security Covered Compensation (the 35-year average of the Social Security taxable wage base prior to retirement). Early retirement benefits are available to employees who are age 55 with at least 10 years of continuous service. The normal retirement benefit is reduced by 2% (for benefits calculated under the 1.2% part of the formula) and 3% (for benefits calculated under the 0.4% part of the formula) for each year that benefit payments begin prior to age 65. Benefits are payable under a variety of annuity options and also a lump sum option.

Because the Code limits the annual benefit that may be paid from tax-qualified plans such as our pension plan, the Ceridian Corporation Benefit Equalization Plan was established to provide retirees participating in the pension plan with supplemental benefits so that they will receive, in the aggregate, the benefits they would have been entitled to receive under the pension plan had these limits not been in effect. Benefit Equalization Plan benefits accrued on or before December 31, 2005 are paid based on the form of payment elected for qualified plan benefits. Benefit Equalization Plan benefits accrued after December 31, 2005 are paid out as a lump sum following a six-month waiting period as required under Section 409A of the Code. A benefit protection trust has been established and partially funded by Ceridian to pay benefit equalization plan benefits to participants whose employment terminated after December 1, 1994. A separate benefit protection trust was also established and partially funded by Ceridian for the benefits paid to Mr. Turner under the Benefit Equalization Plan. Assets in each of these trusts remain subject to the claims of our general creditors in the event of our insolvency but otherwise will be used only to pay benefit equalization benefits and related expenses.

In addition to the plans listed above, Mr. Turner s employment agreement provided for a supplemental executive retirement plan benefit payable to him following termination of employment provided that he does not breach his confidentiality, non-compete, non-recruitment and non-disparagement obligations. This SERP benefit was paid in the form of a lump sum payment equal to the then present value of Mr. Turner s normal monthly pension for his lifetime that starts during the fourth month after his employment is terminated. Because Mr. Turner was at least age 60 at the time of the payment, the monthly benefit is equal to one-twelfth of 2.5 percent of his final average pay for each year of service, minus any payments he receives under our pension plan and Benefit Equalization Plan, and then converted to a lump-sum equivalent for payment. The lump sum benefit is calculated using the same interest and mortality assumptions as used for the qualified pension plan.

The following table provides information concerning each defined benefit plan that provides for payments or benefits at, following, or in connection with retirement of Messrs. Turner and Severson.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (1) (c)	Present Value of Accumulated Benefit ($) (2) (d)	Payments During Last Fiscal Year ($) (e)
Ronald L. Turner	Ceridian Corporation Retirement Plan	13.86	$ 434,060	$ 0
	Ceridian Corporation Benefit Equalization Plan	13.86	2,190,250	0
	SERP	14.00	2,613,136	0
Robert J. Severson	Ceridian Corporation Retirement Plan	29.35	802,715	0
	Ceridian Corporation Benefit Equalization Plan	29.35	527,626	0

(1) Years of service for purposes of the tax-qualified pension plan and non tax-qualified Benefit Equalization Plan are based on actual service with the Company, and do not include any additional or supplemental service credit. Years of service for determination of Mr. Turner s SERP are rounded to the full year per his employment agreement.

(2) The assumptions used to calculate the present value of the accumulated benefit are the same assumptions as those used for the valuation of the plan liabilities in our Annual Report on Form 10-K, for the year ended December 31, 2006, as amended. These include a 5.75% discount rate and a 5% lump sum interest rate. Retirement age is assumed to be age 65. Since Mr. Turner has already retired and has elected payment of his benefits as a lump sum, the values are based on his actual lump sum payments, discounted to the fiscal year-end measurement date.

As a result of Mr. Turner s retirement, in January 2007, Mr. Turner was paid $3,986,689 in a lump sum cash payment representing his full tax-qualified pension plan benefit and a partial payment of his non tax-qualified pension benefits from the Benefit Equalization Plan and pursuant to the SERP provisions of his employment agreement. A final payment of his non tax-qualified pension benefits was paid in 2007, following a six-month waiting period as required under Section 409A of the Code.

As a result of Mr. Severson s retirement effective December 31, 2006, he became eligible to receive payment from both the tax-qualified and non tax-qualified pension plans. Mr. Severson has elected to receive his benefit in the form of a 100% Joint and Survivor annuity, with a portion of the accrued benefit under the Benefit Equalization Plan to be paid in a lump sum following a six-month waiting period as required under Section 409A of the Code.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

We sponsor a non tax-qualified deferred compensation plan that allows certain executives, including the named executives, to defer up to 100% of their annual base salary and annual cash performance bonus award into investment accounts. Gains and/or losses on these investment accounts mirror the gains and/or losses on the actual underlying investment funds. In addition, all of the named executives (except for

Mr. Severson) were eligible to select a phantom investment fund in the plan that mirrors our common stock. If there is an investment into this phantom common stock fund, the named executive would receive a matching contribution equal to 15% of the executive s contribution to that investment. Once an election is made into this phantom common stock investment, the executive cannot move funds out of this investment until termination of employment. Accounts are paid at termination of employment; however, at the time of the voluntary election to defer, the executive may elect an in-service distribution date for a lump sum payment. Payments following termination of employment are made in a single lump sum unless the executive is at least age 55 with 10 years of service at termination and has elected to receive the account in annual installments.

We also sponsor a 401(k) restoration plan that matches employee contributions made to our tax-qualified 401(k) plan of up to 4% of gross pay above the IRS-imposed compensation limits for participants. All contributions to the 401(k) restoration plan are immediately 100% vested. In addition, we provide a non tax-qualified supplemental executive retirement plan employer contribution for Ms. Marinello, Mr. Nelson, and certain other senior executives and provided this benefit to Messrs. Neve and Krow. The SERP employer contribution is calculated at 8% of the named executive s base salary and target annual cash performance bonus award. The SERP contribution generally vests on the second anniversary of the date of credit. Both types of employer contributions are credited as of the last day of the calendar year into the account of the named executive in the deferred compensation plan. Accounts are paid at termination of employment in a single lump sum unless the executive is at least age 55 with 10 years of service at termination and has elected to receive the account in annual installments. Unvested amounts are forfeited upon termination of employment.

The following table provides information concerning our non-qualified defined contribution plan and other non-qualified deferred compensation plans that provide for the deferral of compensation on a basis that is not tax-qualified to a named executive.

Name **(a)**	**Executive Contributions in Last FY ($)** (1) **(b)**	**Registrant Contributions in Last FY ($)** **(c)**	**Aggregate Earnings in Last FY ($)** (2) **(d)**	**Aggregate Withdrawals/ Distributions ($)** **(e)**	**Aggregate Balance at Last FYE ($)** **(f)**
Kathryn V. Marinello	$ 0	$ 11,040	$ 0	$ 0	$ 11,040
Douglas C. Neve	0	80,800	4,956	0	117,971
Gary A. Krow	367,042	75,024	323,895	0	2,965,034
Gary M. Nelson	25,250	61,074	66,885	0	654,310
Robert J. Severson	156,212	2,310	121,396	0	1,148,614
Ronald L. Turner (3)	185,000	0	135,057	104,086	1,193,250

(1) With the exception of Mr. Severson, amounts in this column reflect deferrals of annual cash performance bonus awards earned in 2005 and deferred in 2006. For Mr. Severson, $116,212 of the amount shown relates to his 2005 cash performance bonus award and $40,000 relates to deferral of base salary earned in 2006. The base salary deferral is included in the Salary column in the Summary Compensation Table above.

(2) There are 13 deemed investment vehicles, including Ceridian common stock, to which to credit investment gains and/or losses. Gains and/or losses are based on the actual investment experience of the underlying investment; no above market earnings are credited. Prior to January 1, 1999, an active participant could invest in an account that mirrors prime rate returns. This investment choice was frozen on that date, and Mr. Krow is the only named executive with a small portion of his accrued account deemed to be invested in the prime rate investment option. If the named executive chooses to

invest in an account that mirrors Ceridian common stock, we make a one-time 15% matching contribution based on the amount of the executive s contribution to that investment. No named executive elected to invest in the investment that mirrors Ceridian common stock in 2006, therefore no employer matching contribution was made in 2006.

(3) Mr. Turner elected to receive the proceeds of his account under the Deferred Compensation Plan in 10 annual installments. Following Mr. Turner s retirement on October 20, 2006, his first installment payment was made from his account in the Deferred Compensation Plan representing one-tenth of his pre-2005 accrued account balance.

Potential Payments upon Termination or Change in Control

We have entered into employment agreements and maintain benefit plans and programs that would require us to provide certain benefits and payments to Ms. Marinello and Mr. Nelson in the event of termination of employment under specific circumstances. The amount of compensation payable to Ms. Marinello and Mr. Nelson in each situation is listed in the tables below. We had employment agreements with Messrs. Turner, Neve and Krow. The payments associated with Mr. Turner s retirement are also described below. Mr. Neve s employment agreement and Mr. Krow s employment agreement provided for the same benefits as described for Mr. Nelson below. Pursuant to the terms of a mutual termination agreement, Mr. Neve resigned as an officer effective as of March 8, 2007. The terms of the mutual termination agreement provided for payments contemplated by Mr. Neve s employment agreement for a termination without cause and also provided for the accelerated vesting of unvested stock options and restricted stock and restricted stock units held by Mr. Neve. The Company terminated Mr. Krow s employment, effective as of May 14, 2007, and Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

Each employment agreement has an initial three-year term and automatically renews for successive additional one-year terms on each anniversary date of the agreement. The employment agreements differ between these executives; significant differences are noted below.

Involuntary Termination, Death and Disability

Involuntary Termination. If we terminate Ms. Marinello without cause and a release of claims is signed by her, she will be entitled to receive a lump sum payment equal to:

- 30 days of annual base salary;
- two years base salary plus the annual cash performance bonus award she otherwise would have received had she remained employed for full year; and
- a proportionate share of the annual cash performance bonus she would otherwise have received if she had remained employed with Ceridian for the full year in which termination occurred.

In addition, Ms. Marinello s employment agreement also provides for:

- the payment of any COBRA health premiums for 18 months; and
- reasonable reimbursement of outplacement services not to exceed $50,000 for up to 24 months.

Furthermore, the benefits provided upon termination of her employment agreement without cause are also provided upon the termination of her employment agreement for good reason, which is generally defined as an adverse change in an executive s responsibilities, authority, compensation, benefits or working conditions or a material breach by us of her employment agreement.

If we terminate Mr. Nelson without cause and a release of claims is signed by the executive, the terminated executive will be entitled to receive a lump sum payment equal to:

- 75 days of annual base salary;
- two years base salary plus the annual cash amount paid in lieu of perquisites; and
- a proportionate share of the annual cash performance bonus the executive would otherwise have received if the executive had remained employed with Ceridian for the full year in which termination occurred.

In addition, we will pay the COBRA health and dental premiums on behalf of the executive for six months. The employment agreement for Mr. Nelson also provides for continued premium payment for long-term care insurance coverage for the executive and his spouse and reasonable reimbursement of outplacement services.

Termination due to Death. If termination occurs due to death, the deceased executive s estate will be entitled to receive a lump sum payment equal to:

- for Mr. Nelson, one year of base salary plus the annual cash amount paid in lieu of perquisites (Ms. Marinello will receive one year of base salary);
- for Mr. Nelson, the annual cash performance bonus the executive would otherwise have received if he had remained employed with Ceridian for the full year in which termination occurred and target goals had been achieved;
- a proportionate share of the annual cash performance bonus the executive would otherwise have received for the year in which termination occurred and target goals had been achieved; and
- for Mr. Nelson, continued premium payments for long-term care insurance coverage for the executive s spouse.

Termination due to Disability. If termination occurs due to disability, the terminated executive will be entitled to receive payment equal to:

- base pay for six months following the disability;
- a proportionate share of the annual cash performance bonus the executive would otherwise have received for the year in which termination occurred and target goals had been achieved; and
- for Mr. Nelson, continued premium payment for long-term care insurance coverage for the executive and his spouse.

Change in Control Arrangements

Under the terms of our equity compensation plans, the exercisability of unvested stock options or the vesting of other awards under our stock-based compensation plans accelerate upon a change in control of Ceridian.

The employment agreements provide that following a change in control termination of the executive, the executive will be entitled to receive a lump sum payment that is equal to (i) the prorated portion of the executive s bonus that was earned at target levels for the year termination occurs, and (ii) three times the following:

- twelve months base salary;

- any bonus the executive would have received under all applicable Ceridian annual cash performance bonus programs for the year in which the termination occurs had superior goals been achieved;

- for Ms. Marinello only, the annual cash performance bonus she would have received had she remained employed with Ceridian for the full year;

- for Mr. Nelson, the annual cash amount paid in lieu of perquisites; and

- the highest annual aggregate amount of the employer contributions into our 401(k) Plan, the 401(k) restoration and the SERP contribution made into the Ceridian Corporation Deferred Compensation Plan in the last three years.

The lump sum payments made to the executives would be in lieu of any other severance payment specified in their employment agreements. In addition, Mr. Nelson would receive continued premium payment for long-term care insurance coverage for the executive and his spouse and gross-up payments to put him in the same after-tax position as if no excise taxes under Section 280G of the Code had been imposed. Also, following a change of control termination, Ms. Marinello will receive until age 65 health and dental benefits and Mr. Nelson will receive until age 65 similar group health and welfare benefits as the executive received immediately prior to the change in control. Outplacement services (up to $50,000 for Ms. Marinello), relocation and attorney s fees would also be provided in certain circumstances.

For purposes of the discussion above, a change in control is generally defined as any of the following:

- a merger or consolidation involving Ceridian if less than 60 percent of its voting stock after the business combination is held by persons who were stockholders before the business combination;

- ownership by a person or group acting in concert of at least 20 percent of our voting securities, excluding acquisition by us, or our benefit plans;

- a sale of substantially all of our assets;

- approval by our stockholders of a plan for the liquidation of our company;

- a change in the composition of the board such that the current board or those members of the board (other than a director whose initial assumption of office was in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Ceridian) who were elected or appointed by, or on the nomination or recommendation of, at least a two-thirds (2/3) majority of the then-existing directors who either were directors on the date of the employment agreement or were previously so elected or appointed cease for any reason to constitute at least a majority of the board; or

- any other events or transactions that our board determines constitute a change in control.

The term change in control termination refers to either of the following if it occurs within two years of a change in control of Ceridian:

- termination of an executive s employment by us for any reason other than conduct that constitutes fraud, theft or embezzlement of our assets, an intentional violation of law involving moral turpitude, or failure to follow our conduct or ethics policies; and

- the executive terminates employment with us for good reason, which is generally defined as an adverse change in an executive s responsibilities, authority, compensation, benefits or working conditions (including ceasing to be an executive of a publicly-held corporation for Mr. Nelson) or a material breach by us of the executive s employment agreement.

-96-

A change in control termination does not include termination of employment due to death or disability, but includes termination in anticipation of a change in control, whether or not the change in control actually occurs.

Potential Payments upon Termination or Change in Control for Named Executives

Kathryn V. Marinello. The following table describes the potential termination payments for Ms. Marinello assuming termination on December 31, 2006:

Executive Benefits and Payments Upon Termination (a)	**Voluntary Termination (b)**	**Involuntary Termination Without Cause/ Termination for Good Reason (c)**	**For Cause Termination (d)**	**Change in Control Termination (e)**	**Death (f)**	**Disability (g)**
Compensation						
Severance or Other (1)	$ 0	$ 1,624,110	$ 0	$ 2,373,120	$ 780,000	$ 390,000
Short-Term Incentive (2)	0	0	0	0	0	0
Long-Term Incentives Unvested & Accelerated (3)						
Stock Options	0	508,576	0	1,525,723	1,525,723	1,525,723
Restricted Stock Awards	0	1,518,307	0	4,554,864	4,554,864	4,554,864
Restricted Stock Units	0	0	0	0	0	0
Benefits and Perquisites						
Incremental Non-qualified Retirement (4)	0	0	0	11,040	11,040	11,040
Post-termination Health (5)	0	19,804	0	138,540	0	0
Life Insurance (6)	0	0	0	0	50,000	0
Disability Benefits (7)	0	0	0	0	0	300,492
Accrued Paid Time Off (8)	15,000	15,000	15,000	15,000	15,000	15,000
Outplacement Services (9)	0	50,000	0	50,000	0	0

(1) Severance for involuntary termination without cause or for good reason is equal to two times the sum of base salary and annual bonus. Severance for change in control termination is three times the sum of: base salary; the earned bonus; a superior bonus; and certain retirement contributions. In the event of involuntary termination without cause, for good reason and change in control, the executive will also be paid for a 30 day notice period. Payment for death is one times base salary. In the event of disability, base salary is continued for six months.

(2) Annual cash performance bonus award is payable at target for involuntary termination without cause, change in control termination, death or disability. Ms. Marinello was not eligible for a cash performance bonus award in 2006.

(3) Value of in the money stock options using the closing price on December 29, 2006 of $27.98. The dollar value of such stock options equals the difference between the December 29, 2006 closing price and the exercise price of the option times the number of shares subject to the option. Stock options and restricted stock and restricted stock unit awards vest upon a change in control or change in control termination and in the event of death or disability. According to the terms of Ms. Marinello s employment agreement, one-third of all equity awards granted on October 20, 2006 will vest in the event of termination without cause or for good reason prior to October 1, 2007.

(4) The unvested portion of the defined contribution supplemental executive retirement plan benefit vests upon change in control, death or disability.

(5) In an involuntary termination without cause or for good reason, we reimburse the COBRA health insurance coverage for 18 months. The monthly employer cost based on 2007 rates is $1,100. In a change in control termination, we pay a portion of health and dental insurance coverage to age 65. The annual employer cost based on 2007 rates is $9,236. The amount shown in column (e) is based on 15 years of coverage to age 65, assuming a constant annual rate.

(6) Payout based on Ceridian-paid coverage of $50,000.

(7) Disability benefits are provided under both an insured and a self-insured policy. The annual benefit is based on 65% of base salary plus bonus, capped at $25,041 per month. The amount shown indicates the annual payment.

(8) Estimated amount based on current base salary prorated based on the number of unused personal days.

(9) Reasonable outplacement is provided for involuntary termination without cause, for good reason, and for change in control termination for up to 24 months, capped at $50,000.

Douglas C. Neve. Although he resigned effective March 8, 2007, the following table describes the potential termination payments for Mr. Neve assuming termination on December 31, 2006:

Executive Benefits and Payments Upon Termination (a)	Voluntary Termination (b)	Involuntary Termination Without Cause (c)	For Cause Termination (d)	Change in Control Termination (e)	Death (f)	Disability (g)
Compensation						
Severance or Other (1)	$ 0	$ 932,192	$ 0	$ 2,863,800	$ 745,000	$ 200,000
Short-Term Incentive (2)	0	320,000	0	320,000	320,000	320,000
Long-Term Incentives Unvested & Accelerated (3)						
Stock Options	0	0	0	1,255,016	1,255,016	1,255,016
Restricted Stock Awards	0	0	0	513,993	513,993	513,993
Restricted Stock Units	0	0	0	371,854	371,854	371,854
Benefits and Perquisites						
Incremental Non-qualified Retirement (4)	0	0	0	88,842	88,842	88,842
Post-termination Health (5)	0	5,552	0	108,696	0	0
Life Insurance (6)	0	0	0	0	50,000	0
Disability Benefits (7)	0	0	0	0	0	300,492
Accrued Paid Time Off (8)	23,077	23,077	23,077	23,077	23,077	23,077
Long-Term Care (9)	0	108,314	0	108,314	60,194	108,314
Relocation (10)	0	0	0	200,000	0	0
Outplacement Services (11)	0	20,000	0	60,000	0	0
280G Tax Gross-up (12)	0	0	0	1,855,442	0	0

(1) Severance for involuntary termination without cause is two times base salary plus the annual cash amount paid in lieu of perquisites. Severance for change in control termination is three times base salary, cash in lieu of perquisites, superior bonus and certain retirement contributions. In the event of involuntary termination without cause or due to change in control termination, the executive will also be paid for a 75 day notice period. Payment for death is one times base salary, cash in lieu of perquisites, plus earned bonus (assumed at target). In the event of disability, base salary is continued for six months.

(2) Annual cash performance bonus award is payable at target for involuntary termination without cause, change in control termination, death or disability.

(3) Value of in the money stock options using the closing price on December 29, 2006 of $27.98. The dollar value of such stock options equals the difference between the December 29, 2006 closing price and the exercise price of the option times the number of shares subject to the option. Stock options, restricted stock awards and restricted stock units vest upon a change in control or change in control termination, or in the event of death or disability.

(4) The unvested portion of the defined contribution supplemental executive retirement plan benefit vests upon change in control, death or disability.

(5) In an involuntary termination without cause, we reimburse the COBRA health and dental insurance premiums for six months. The monthly employer cost based on 2007 rates is $925. In a change in

control termination, we pay a portion of health, dental, life and accidental death & disability insurance coverage to age 65; the annual employer cost based on 2007 rates is $7,764. The amount shown in column (e) is based on 14 years of coverage to age 65, assuming a constant annual rate.

(6) Payout based on Ceridian-paid coverage of $50,000.

(7) Disability benefits are provided under both an insured and a self-insured policy. The annual benefit is based on 65% of base salary plus bonus, capped at $25,041 per month. The amount shown indicates the annual payment.

(8) Estimated amount based on current salary prorated based on the number of unused personal days.

(9) Total premiums for executive and spouse to fully fund the policy. Upon death of executive, spouse premiums continue to be paid until fully funded.

(10) Out of state relocation is paid if it occurs within one year of change in control termination, estimated at $200,000.

(11) Reasonable outplacement is provided for involuntary termination without cause. Reasonable outplacement is provided for change in control termination for up to three years following termination. The estimated annual cost is $20,000.

(12) Estimated gross-up payment to put the executive in the same after-tax position as if no excise taxes under the Code had been imposed. The estimate assumes Mr. Neve would be subject to the maximum federal and Minnesota income and other payroll taxes, aggregating to an effective tax rate of 42.9%.

On March 8, 2007, we entered into a mutual termination agreement (the Mutual Termination Agreement) with Mr. Neve pursuant to which Mr. Neve resigned as an officer of the Company effective March 8, 2007 (the Termination Date). The Mutual Termination Agreement terminates Mr. Neve s employment agreement, other than specific restrictive covenants such as a business non-compete, that survive termination and remain enforceable against Mr. Neve. Pursuant to the terms of the Mutual Termination Agreement, we paid Mr. Neve a lump sum payment of $82,192, representing 75 days of Mr. Neve s base annual salary, a lump sum payment of $850,000, representing two years of Mr. Neve s base salary and annual cash amount in lieu of perquisites, and $20,000 in lieu of outplacement counseling services. As soon as practicable after January 1, 2008, but not later than March 15, 2008, we will pay Mr. Neve $106,667 representing a prorated target annual incentive bonus to which he would have otherwise been entitled in respect of fiscal year 2007.

The Mutual Termination Agreement also provides that stock options, restricted stock awards and restricted stock unit awards that had not vested as of the Termination Date vested in full upon the Termination Date. Stock options which are vested as of or upon the Termination Date must be exercised within ninety (90) days of the Termination Date or they will be forfeited.

-100-

Gary A. Krow. Although the Company terminated his employment, effective as of May 14, 2007, the following table describes the potential termination payments for Mr. Krow assuming termination on December 31, 2006:

Executive Benefits and Payments Upon Termination (a)	Voluntary Termination (b)	Involuntary Termination Without Cause (c)	For Cause Termination (d)	Change in Control Termination (e)	Death (f)	Disability (g)
Compensation						
Severance or Other (1)	$ 0	$ 877,055	$ 0	$ 2,688,972	$ 700,000	$ 187,500
Short-Term Incentive (2)	0	300,000	0	300,000	300,000	300,000
Long-Term Incentives Unvested & Accelerated (3)						
Stock Options	0	0	0	926,181	926,181	926,181
Restricted Stock Awards	0	0	0	386,628	386,628	386,628
Restricted Stock Units	0	0	0	364,300	364,300	364,300
Benefits and Perquisites						
Incremental Non-qualified Retirement (4)	0	0	0	110,153	110,153	110,153
Post-termination Health (5)	0	5,550	0	112,896	0	0
Life Insurance (6)	0	0	0	0	4,200,576	0
Disability Benefits (7)	0	0	0	0	0	300,492
Accrued Paid Time Off (8)	28,846	28,846	28,846	28,846	28,846	28,846
Long-Term Care (9)	0	52,763	0	52,763	27,269	52,763
Relocation (10)	0	0	0	200,000	0	0
Outplacement Services (11)	0	20,000	0	60,000	0	0
280G Tax Gross-up (12)	0	0	0	0	0	0

(1) Severance for involuntary termination without cause is two times base salary plus the annual cash amount paid in lieu of perquisites. Severance for change in control termination is three times base salary, cash in lieu of perquisites, superior bonus and certain retirement contributions. In the event of involuntary termination without cause, the executive will also be paid for a 75 day notice period. Payment for death is one times base salary, cash in lieu of perquisites, plus earned bonus (assumed at target). In the event of disability, base salary is continued for six months.

(2) Annual cash incentive award is payable at target for involuntary termination without cause, change in control termination, death or disability.

(3) Value of in the money stock options using the closing price on December 29, 2006 of $27.98. The dollar value of such stock options equals the difference between the December 29, 2006 closing price and the exercise price of the option times the number of shares subject to the option. Stock options, restricted stock and restricted stock unit awards vest upon a change in control or change in control termination, or in the event of death or disability.

(4) The unvested portion of the defined contribution supplemental executive retirement plan benefit vests upon change in control, death or disability.

(5) In an involuntary termination without cause, we reimburse the COBRA health and dental insurance premiums for six months. The monthly employer cost based on 2007 rates is $925. In a change in control termination, we pay a portion of health, dental, life and accidental death and disability insurance coverage to age 65; the annual employer cost based on 2007 rates is $8,064. The amount shown in column (e) is based on 14 years of coverage to age 65, assuming a constant annual rate.

(6) Includes $500,000 from Ceridian-paid life insurance coverage; the remaining would be paid from corporate-owned life insurance purchased to fund the deferred compensation plan and from Company assets.

(7) Disability benefits are provided under both an insured and a self-insured policy. The annual benefit is based on 65% of base salary plus bonus, capped at $25,041 per month.

(8) Estimated amount based on current salary prorated based on the number of unused personal days.

(9) Total premiums for executive and spouse to fully fund the policy. Upon death of executive, spouse premiums continue to be paid until fully funded.

(10) Out-of-state relocation is paid if it occurs within one year of change in control termination, estimated at $200,000.

(11) Reasonable outplacement is provided for involuntary termination without cause. Reasonable outplacement is provided for change in control termination for up to three years following termination. The estimated annual cost is $20,000.

(12) Estimated gross-up payment to put the executive in the same after-tax position as if no excise taxes under the Code had been imposed. Assuming a change in control termination occurred on December 31, 2006, Mr. Krow would not have received excess parachute payments and therefore 280G excise tax would not apply.

On May 14, 2007, the Company terminated the employment of Mr. Krow as to all positions held at the Company, and its subsidiaries, including Comdata and its subsidiaries, for cause, including for violations of Ceridian s Code of Conduct. Mr. Krow forfeited all unexercised stock options and all other unvested equity awards as of May 14, 2007.

Gary M. Nelson. The following table describes the potential termination payments for Mr. Nelson assuming termination on December 31, 2006:

Executive Benefits and Payments Upon Termination (a)	**Voluntary Termination (b)**	**Involuntary Termination Without Cause (c)**	**For Cause Termination (d)**	**Change in Control Termination (e)**	**Death (f)**	**Disability (g)**
Compensation						
Severance or Other (1)	$ 0	$ 805,918	$ 0	$ 2,255,622	$ 612,000	$ 175,000
Short-Term Incentive (2)	0	245,000	0	245,000	245,000	245,000
Long-Term Incentives Unvested & Accelerated (3)						
Stock Options	0	0	0	591,498	591,498	591,498
Restricted Stock Awards	0	0	0	240,432	240,432	240,432
Restricted Stock Units	0	0	0	265,530	265,530	265,530
Benefits and Perquisites						
Incremental Non-qualified Retirement (4)	0	0	0	89,410	89,410	89,410
Post-termination Health (5)	0	6,601	0	92,792	0	0
Life Insurance (6)	0	0	0	0	598,760	0
Disability Benefits (7)	0	0	0	0	0	300,492
Accrued Paid Time Off (8)	26,923	26,923	26,923	26,923	26,923	26,923
Long-Term Care (9)	0	59,067	0	59,067	32,883	59,067
Relocation (10)	0	0	0	200,000	0	0
Outplacement Services (11)	0	20,000	0	60,000	0	0

280G Tax Gross-up (12)	0	0	0	1,157,340	0	0

-102-

---

(1) Severance for involuntary termination without cause is two times base salary plus the annual cash amount paid in lieu of perquisites. Severance for change in control termination is three times base salary, cash in lieu of perquisites, superior bonus and certain retirement contributions. In the event of involuntary termination without cause, the executive will also be paid for a 75 day notice period. Payment for death is one times base salary, cash in lieu of perquisites, plus earned bonus (assumed at target). In the event of disability, base salary is continued for six months.

(2) Annual cash performance bonus award is payable at target for involuntary termination without cause, change in control termination, death or disability.

(3) Value of in the money stock options using the closing price on December 29, 2006 of $27.98. The dollar value of such stock options equals the difference between the December 29, 2006 closing price and the exercise price of the option times the number of shares subject to the option. Stock options, restricted stock and restricted stock unit awards vest upon a change in control or change in control termination, or in the event of death or disability.

(4) The unvested portion of the defined contribution supplemental executive retirement plan benefit accelerates vesting upon change in control, death or disability.

(5) In an involuntary termination without cause, we reimburse the COBRA health and dental insurance premiums for six months. The monthly employer cost based on 2007 rates is $1,110. In a change in control termination, we pay a portion of health, dental, life and accidental death and disability insurance coverage to age 65; the annual employer cost based on 2007 rates is $9,276. The amount shown in column (e) is based on 10 years of coverage to age 65; assuming a constant annual rate.

(6) Includes $50,000 from Ceridian-paid coverage; the remaining to be paid from corporate owned life insurance policy purchased to fund the deferred compensation plan.

(7) Disability benefits are provided under both an insured and a self-insured policy. The annual benefit is based on 65% of base salary plus bonus, capped at $25,041 per month.

(8) Estimated amount based on current salary prorated based on the number of unused personal days.

(9) Total premiums for executive and spouse to fully fund the policy. Upon death of executive, spouse premiums continue to be paid until fully funded.

(10) Out-of-state relocation is paid if it occurs within one year of change in control, estimated at $200,000.

(11) Reasonable outplacement is provided for involuntary termination without cause. Reasonable outplacement is provided for change in control termination for up to three years following termination. The estimated annual cost is $20,000.

(12) Estimated gross-up payment to put the executive in the same after-tax position as if no excise taxes under the Code had been imposed. The estimate assumes Mr. Nelson would be subject to the maximum federal and Minnesota income and other payroll taxes, aggregating to an effective tax rate of 42.9%.

Robert J. Severson. The following discusses the payments made or due to be made to Mr. Severson as a result of his retirement effective December 31, 2006:

- In 2007, Mr. Severson elected to receive his tax-qualified pension plan benefit and a portion of his non tax-qualified plan benefit in the form of a 100% Joint and Survivor annuity. In 2007, Mr. Severson will receive a

portion of his non tax-qualified pension benefits from our Benefit Equalization Plan in a lump sum payment. For further information, including estimated payments, see the discussion above under the headings Executive Compensation Pension Benefits.

- Mr. Severson elected to receive the proceeds of his account under the Deferred Compensation Plan in 15 annual installments. The first installment will occur in 2007, with the remaining fourteen installments paid annually through 2021. For further information, see the discussion above under the headings Executive Compensation Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans.

- Mr. Severson received a cash performance bonus in the amount of $100,000 for service and performance in 2006.

- Upon Mr. Severson s retirement and pursuant to the retirement provisions of the stock option award agreements entered into with Mr. Severson prior to 2006, 24,442 unvested stock options granted to Mr. Severson accelerated and became fully vested. Upon his retirement and pursuant to the retirement provisions of the stock option award agreement entered into with Mr. Severson in 2006, an additional 18,280 stock options will continue to vest one-third each year following the date of grant. Such stock option awards will remain exercisable for the remainder of their original five year terms.

- Upon Mr. Severson s retirement and pursuant to the retirement provisions of the restricted stock unit award agreement, 3,050 restricted stock units will continue to vest one-third each year following the date of grant.

- Unvested restricted stock awards were forfeited upon his retirement.

- Mr. Severson became eligible to receive post-retirement medical and dental coverage to age 65 under our early retirement coverage, a benefit available to all retirees who retire between the ages of 55 and 65 with more than 15 years of service. The monthly employer cost based on 2007 rates is $361.66 until age 65. At age 65, Mr. Severson will be eligible to receive coverage under our retiree medical program.

- Mr. Severson received $51,442, representing the cash value of his accrued personal days off.

Ronald L. Turner. The following discusses the payments made or due to be made to Mr. Turner as a result of his retirement on October 20, 2006:

- In January 2007, Mr. Turner was paid $3,986,689 in a lump sum cash payment representing his full tax-qualified pension plan benefit and a partial payment of his non tax-qualified pension benefits from the Ceridian Corporation Benefit Equalization Plan and pursuant to the supplemental executive retirement plan provisions of his employment agreement. A final payment of $1,295,879, representing the remaining portion of his non tax-qualified pension benefits will occur on or after April 21, 2007, following a six-month waiting period as required under Section 409A of the Code. For further information, see the discussion above under the headings Executive Compensation Pension Benefits.

- Mr. Turner elected to receive the proceeds of his account under the Ceridian Corporation Deferred Compensation Plan in 10 annual installments. Following Mr. Turner s retirement on October 20, 2006, the first installment was made from his pre-2005 accrued account balance. After April 21, 2007, following a six-month post-retirement waiting period, as required under Section 409A of the Code, Mr. Turner was paid additional installments of his post-2004 accrued account balance. The remaining annual installments will be made until 2015. For further information, see the discussion above under the headings Executive Compensation Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans.

- Mr. Turner received a pro rata discretionary bonus in the amount of $752,568 based upon 293 days of service in 2006.

- Upon Mr. Turner s retirement and pursuant to the retirement provisions of the stock option award agreements entered into with Mr. Turner prior to 2006, the 279,756 unvested stock options granted to Mr. Turner accelerated and became fully vested. Pursuant to the retirement provisions of the stock option award agreement entered into with Mr. Turner in 2006, an additional 276,210 stock options will continue to vest one-third each year following the date of grant. Such stock option awards will remain exercisable for the remainder of their original five year terms.

- Pursuant to the retirement provisions of the restricted stock unit award agreement, 46,105 restricted stock units will continue to vest one-third each year following the date of grant.

- Unvested restricted stock awards were forfeited upon his retirement.

- In 2002, Mr. Turner was provided an endorsed split dollar life insurance arrangement. The policy was owned by Ceridian and provides a $3 million death benefit to the beneficiary named by Mr. Turner in the event of his death. Pursuant to the terms of the arrangement, upon Mr. Turner s retirement, we assigned all of our interests and rights to the agreement to Mr. Turner following a six-month post-retirement waiting period as required under Section 409A of the Code.

- Mr. Turner became eligible to receive post-retirement medical and dental coverage until age 65, at a cost to Mr. Turner of no more than one of our active employees, as outlined in his employment agreement based on his retirement after age 60 with more than 10 years of service. The estimated total cost of this coverage is $91,063. In addition, we will continue to pay the annual premium for long-term care insurance for six years for Mr. Turner and his spouse, valued at $54,209.

- Mr. Turner received our interest in a country club membership valued at $80,000.

- Mr. Turner received $111,779, representing the cash value of his accrued personal days off.

Director Compensation

In December 2005, our board approved certain changes to the compensation program for non-employee directors to be effective January 1, 2006. No significant revisions had been made to the non-employee director compensation program since 1998, and the proposed changes were made following a comprehensive study of the current director compensation practices of select peer companies. Effective January 1, 2006, the non-employee director compensation program generally provides for:

- an annual board retainer of $65,000 payable in cash, restricted stock or deferred restricted stock units;

- committee chair retainer of $15,000 per year for the Audit Committee and $10,000 per year for the Compensation and Human Resources Committee and Nominating and Corporate Governance Committee payable in cash, restricted stock or deferred restricted stock units;

- an annual stock option grant with respect to 8,000 shares of Ceridian common stock upon re-election to the board (on May 26, 2007, the Board of Directors approved a monthly cash payment in lieu of the 2007 annual option grant in the amount of $6,720 per director, per month, commencing in May, 2007); and

- a one-time restricted stock award for shares of common stock with a fair market value of $150,000 upon initial election or appointment to the board.

Annual Board Retainer and Committee Chair Retainer

Each non-employee director is requested to make an election prior to the beginning of the year to receive the annual board retainer and any committee chair retainer in cash, restricted stock or deferred stock. A minimum of 50% of the annual board retainer must be paid in restricted stock or deferred restricted stock units. Absent an election, the default election is for the annual board retainer to be paid

50% cash and 50% restricted stock and for any committee chair retainer to be paid 100% in cash. Also, an individual who becomes a non-employee director during the calendar year receives a pro rata portion of the annual board retainer and committee chair retainer, and each retainer is paid entirely in cash. The cash portion of the annual and/or committee chair retainer is paid quarterly. Restricted stock is granted and/or credits to a director s deferred stock account are made on the first trading day of the year by dividing the cash equivalent value by the average closing price on the New York Stock Exchange of a share of our common stock for the last ten trading days of the immediately preceding calendar year, rounding to the nearest whole share. A pro rata portion of the cash, restricted stock or deferred restricted stock units will be forfeited if the director ceases to be a director of Ceridian during the year, or if applicable, the chair of a committee ceases to be a committee chair during the year. A director is restricted from selling, assigning or otherwise disposing of or encumbering the shares of restricted stock or deferred restricted stock units until the director leaves the board.

Annual Stock Option Grant

On the date of re-election to the board at our annual stockholder s meeting, each non-employee director is granted a non-qualified stock option to purchase 8,000 shares of our common stock. The exercise price of such option is equal to the closing price on the New York Stock Exchange of one share of common stock on the date of grant. The option becomes exercisable with respect to one-third of the shares subject to the option on each grant date anniversary and expires five years from the date of grant. The option vests immediately in the event of death or disability, if the non-employee director elects not to stand for re-election to the board or upon a change in control. As described above, on May 26, 2007, the Board of Directors approved a monthly cash payment in lieu of the 2007 annual option grant in the amount of $6,720 per director, per month, commencing in May, 2007.

Newly Elected Director One-Time Restricted Stock Award

Each newly elected or appointed non-employee director receives a one-time award of restricted stock on the date of such director s election or appointment to the board. The number of shares of restricted stock is determined by dividing $150,000 by the average closing price on the New York Stock Exchange of common stock for the ten trading days prior to the effective date of the director s election or appointment to the board, rounded to the nearest 100 shares. Twenty percent of the restricted shares vest each year on the anniversary of the date of grant. The shares may not be sold, assigned or otherwise transferred, or subjected to any lien, either voluntarily or involuntarily, by operation of law or otherwise, before they vest. The restricted shares vest immediately in the event of death or disability, if the non-employee director elects not to stand for re-election to the board or upon a change in control.

Stock Ownership Guidelines

The stock ownership guidelines for non-employee directors provide that beginning January 1, 2006, each of our non-employee directors will own shares of our common stock, including restricted shares and deferred restricted stock units, equal to at least four times the annual board retainer within five years of becoming a director of Ceridian. As of April 1, 2007, all of the non-employee directors who have been directors for five years or more each currently satisfy these stock ownership guidelines.

Other

In addition to the compensation described above, we reimburse non-employee directors for expenses incurred in attending board, stockholder and committee meetings. We may from time to time transport a non-employee director to and from such meetings in our airplane. Non-employee directors also may use our airplane for personal use. Non-employee directors are covered by our $100,000 travel accident insurance policy, providing a payment of up to $100,000 upon dismemberment or death while traveling on company business.

Summary of Director Compensation

The following table summarizes the compensation paid to or earned by our non-employee directors during 2006. Directors who are employees of Ceridian are not separately compensated for their services as a director. As a result, neither Ms. Marinello nor Mr. Turner received any compensation for serving as a director of Ceridian during 2006.

Name (a)	**Fees Earned or Paid in Cash** (1) ($) (b)	**Stock Awards** (2) ($) (c)	**Option Awards** (2) ($) (d)	**Non-Equity Incentive Plan Compensation ($) (e)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)**	**All Other Compensation ($) (g)**	**Total ($) (h)**
Nicholas D. Chabraja	$ 42,500	$ 30,669	$ 41,349	$ 0	$ 0	$ 0	$ 114,518
Ronald T. LeMay	42,500	30,415	41,349	0	0	0	114,264
George R. Lewis	47,500	30,415	41,349	0	0	0	119,261
L. White Matthews, III	32,500	93,652	41,349	0	0	0	167,501
Richard Szafranski (3)	12,056	48,179	0	0	0	0	60,287
William L. Trubeck (4)	28,306	77,519	0	0	0	0	105,825
Alan F. White	32,500	46,479	41,349	0	0	0	120,328

(1) Mr. Chabraja elected to receive his entire annual board retainer ($65,000) and committee chair retainer ($10,000) in restricted stock (3,026 shares). We recognized an expense of $39,454 in 2006 for this stock award. Column (b) reflects the cash value of 50% of his annual board ($32,500) and his entire $10,000 committee chair retainer. With the exception of Mr. Chabraja, column (b) reflects the dollar amount of the annual board retainer and any committee chair retainer paid to the non-employee director in cash. Messrs. Matthews and White received restricted stock units by electing to defer receipt of one-half of their annual board retainer ($32,500) in our common stock until they leave the board. Messrs. Matthews and White each received 1,312 restricted stock units as a result of this deferral.

(2) Columns (c) and (d) reflect the FAS 123R expense recognized in 2006 for any current or prior year grants of restricted stock or deferred restricted stock units, and any grants of non-qualified stock option awards. The table below shows the restricted stock and deferred restricted stock unit awards and stock option grants made in 2006, along with the grant date fair value of such awards computed in accordance with FAS 123R. Assumptions used in the calculations of the amounts set forth in columns (c) and (d) and the table below are included in footnote 8 to our audited financial statements included in our Annual Report on Form 10-K, for the year ended December 31, 2006, as amended.

Name	**Stock Awards Granted in 2006 (#)**	**Grant Date Fair Value of Stock Awards Granted in 2006 ($)**	**Option Awards Granted in 2006 (#)**	**Grant Date Fair Value of Option Awards Granted in 2006 ($)**
Nicholas D. Chabraja	3,026	$ 75,196	8,000	$ 69,054
Ronald T. LeMay	1,312	32,603	8,000	69,054
George R. Lewis	1,312	32,603	8,000	69,054
L. White Matthews, III	14,691	382,598	8,000	69,054
Richard Szafranski	6,300	150,822	0	0
William L. Trubeck	6,700	151,487	0	0
Alan F. White	1,312	32,603	8,000	69,054

The amount for Mr. Matthews reflected in the column entitled Stock Awards Granted in 2006 (#) includes a one-time 13,379 restricted stock award valued at $350,000, based upon our closing stock price on December 14, 2006, the date of grant. This award vests ratably in 33-1/3% increments on December 14, 2007, 2008 and 2009. The board determined and approved this one-time award based upon the additional time spent and services rendered by Mr. Matthews in the role of chairman of the board.

The following chart shows the outstanding equity awards held by non-employee directors as of December 31, 2006.

Name	Stock Options	Restricted Stock Awards	Deferred Restricted Stock Units
Nicholas D. Chabraja	38,774	17,426	0
Ronald T. LeMay	48,201	11,808	0
George R. Lewis	48,201	14,546	3,171
L. White Matthews, III	8,000	21,491	1,312
Richard Szafranski	0	6,300	0
William L. Trubeck	0	6,700	0
Alan F. White	20,000	7,237	1,312

(3) Mr. Szafranski became a director on October 25, 2006. Mr. Szafranski received a one-time restricted stock award of 6,300 shares of our common stock valued as of the date of grant on October 25, 2006.

(4) Mr. Trubeck became a director on July 25, 2006. Mr. Trubeck received a one-time restricted stock award of 6,700 shares of our common stock valued as of the date of grant on July 25, 2006.

In addition to the compensation received as a non-employee director, on April 27, 2007, upon recommendation from the Compensation Committee, the board approved the following program to further compensate the non-executive chairman of the board:

- an annual board chair retainer of $130,000 payable in cash, restricted stock or deferred restricted stock units; and

- an annual stock option grant with respect to 16,000 shares of Ceridian common stock upon re-election to the board at our annual stockholder s meeting (on May 26, 2007, the Board of Directors approved a monthly cash payment in lieu of the 2007 annual option grant in the amount of $13,440 per month, commencing in May, 2007).

The annual board chair retainer is awarded in the same manner as the annual board retainer, with the exception that if a non-employee director becomes chair of the board during a calendar year, the chair will receive a pro rata portion of the annual board chair retainer paid half in restricted stock and half in cash. Such restricted stock award will be granted on the date the director becomes chair of the board by dividing the half of the pro rata portion of the amount of the annual board chair retainer by the closing price of a share of our common stock on the grant date, rounded up to the nearest whole share. The pro rata cash portion of the annual board chair retainer will be paid quarterly. Further, a pro rata portion of the cash, restricted stock or deferred restricted stock units received as part of the annual board chair retainer will be forfeited if the director ceases to be chair of the board during the year.

The annual stock option grant to the chair of the board will be made in the same fashion as the annual stock option grants made to non-employee directors as described above.

Following the adoption of this program, and as a result of Mr. Matthews having served as the non-executive chairman of the board from the beginning of 2007, on April 27, 2007, upon the recommendation of the Compensation Committee, the board determined to pay Mr. Matthews:

- $130,000 representing an amount equal to the full amount of the annual board chair retainer with 50% being paid in cash (of which a pro rata amount through April 27 being deemed earned and the remainder to be paid in arrears on a quarterly basis), and 50% being made in the form of a restricted stock award. Such restricted stock award will vest pro rata over the remainder of 2007 (with such vesting accelerating upon a change in control) and will not be permitted to be transferred until Mr. Matthews leaves the board. Further, a pro rata portion of restricted stock award will be forfeited if Mr. Matthews ceases to be chairman of the board during 2007.

- a one-time restricted stock award with a value of $100,000 that will vest pro rata over the period between April 27 and July 1, 2007 (with such vesting accelerating upon a change in control), and will not be permitted to be transferred until Mr. Matthews leaves the board. Further, a pro rata

-108-

---

portion of restricted stock award will be forfeited if Mr. Matthews ceases to be chairman of the board prior to vesting.

Such restricted stock awards were granted under the Ceridian Corporation 2004 Long-Term Stock Incentive Plan, as amended. Further, Mr. Matthews is eligible to receive a stock option award of 16,000 shares of Ceridian common stock if he is re-elected to the board at our 2007 annual stockholder s meeting.

Communication with Directors

You may contact any of our directors**,** including our non-executive chairman of the board and any non-employee director, individually or as a group by writing to them in c/o Ceridian Corporation, 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425. Correspondence directed to more than one member of the board of directors will be distributed by the Corporate Secretary to those board members.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and persons who beneficially own more than 10 percent of our common stock to file with the Securities and Exchange Commission reports of ownership regarding the common stock and other Ceridian equity securities. These persons are required by the Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based on a review of copies of the Section 16(a) reports received during the period from January 1, 2006 until February 14, 2007 and written representations from each of our directors and executive officers, all of our directors and executive officers complied with the applicable Section 16(a) filing requirements, except that Robert J. Severson, retired Senior Vice President Corporate Technology, failed to timely report on a Form 4 the sale of two shares of Ceridian common stock on April 12, 2006 to cover a fee related to the certification of shares held in the terminated Ceridian Corporation Employee Stock Purchase Plan. A Form 4 was subsequently filed by Mr. Severson on May 9, 2006.

Annual Report on Form 10-K

A copy of our Annual Report on Form 10-K , as amended, (an annual filing with the Securities and Exchange Commission) for the year ended December 31, 2006 is included in this year s Annual Report to Stockholders. Additional copies of this Form 10-K may be obtained without charge by writing to Ceridian Corporation, Attention: Stockholder Services Department, 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425-1640.

PROPOSAL 3: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the board has selected KPMG, our independent registered public accounting firm, to audit our accounts for the year ending December 31, 2007. KPMG audited our accounts for the year ended December 31, 2006.

Representatives of KPMG will attend the 2007 annual meeting of Stockholders. They will have an opportunity to make a statement if they desire to do so, and will be available to respond to stockholder questions.

The board of directors seeks an indication from stockholders of their approval or disapproval of the Audit Committee s appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2007.

OTHER MATTERS

As of the date of this proxy statement, the board does not know of any matters that will be presented for consideration at the annual meeting other than as described in this proxy statement. If any other matters come before the annual meeting or any adjournments or postponements of the annual meeting and are voted upon, the enclosed WHITE proxy card will confer discretionary authority on the individuals named as proxies to vote the shares represented by the proxies as to any other matters. The individuals named as proxies intend to vote in accordance with their best judgment as to any other matters.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2008 ANNUAL MEETING

Stockholder Proposals

If we complete the merger, we do not intend to hold an annual meeting of stockholders in 2008. If we hold an annual meeting of stockholders in 2008, all proposals of stockholders that are requested to be included in our proxy statement for the 2008 annual meeting of stockholders must be received by our Corporate Secretary on or before [ ] to be included.

Any other stockholder proposals to be presented at the 2008 annual meeting of stockholders must be given in writing to our Corporate Secretary and received at our principal executive offices no earlier than [ ] and no later than [ ]. However, if the 2008 annual meeting is called for a date that is not within thirty days before or after [ ], stockholder proposals must be received no later than the close of business on the tenth day following the day on which notice of the date of the 2008 annual meeting was mailed or public disclosure of the date of the 2008 annual meeting was made, whichever happens first. The proposal must contain specific information required by our bylaws, a copy of which may be obtained by writing to our Corporate Secretary, or found on our website at *www.ceridian.com* in the Corporate Governance section under the heading Other Governance Information.

Director Nominations

The Nominating and Corporate Governance Committee is the committee of the board responsible for determining the slate of Company-sponsored director nominees for election by stockholders, which the committee recommends for consideration by the board. The committee does not currently utilize the services of any third party search firm to assist in the identification or evaluation of board member candidates. However, the committee has used such firms in the past and may engage a third party to provide such services in the future, as it deems necessary or appropriate at the time in question. Although no fees were paid for her to become a director, the board paid fees to a third-party recruiter to assist with the recruitment of Ms. Marinello as president and chief executive officer.

The Nominating and Corporate Governance Committee determines the required selection criteria and qualifications of director nominees based upon the needs of Ceridian at the time nominees are considered. General criteria for director nominees can be found on our website at *www.ceridian.com* in the Corporate Governance section under the heading Other Governance Information. In discharging its responsibility, the Nominating and Corporate Governance Committee will seek persons who demonstrate strength of character, independent thought, practical wisdom and mature judgment; who possess specific skills, expertise and experience to effectively complement the other members of the board; who are willing and able to devote the necessary time and attention to the affairs of Ceridian; who are considered independent ; and who would be considered a financial expert or financially literate as described by the SEC and NYSE. The Nominating and Corporate Governance Committee will consider these criteria for nominees identified by the Committee, by stockholders or through some other source.

In accordance with procedures set forth in our bylaws, stockholders may propose nominees for election to the board of directors only after providing timely written notice to the Corporate Secretary, as provided above. The notice must set forth:

- all of the information required under SEC rules in a proxy statement soliciting proxies for the election of directors;
- the nominee s business address and residence address; and
- the name and record address of, and number of shares of Ceridian common stock held by, the stockholder making the nomination.

The Nominating and Corporate Governance Committee conducts a process of making a preliminary assessment of each proposed nominee based upon the resume and biographical information, an indication of the individual s willingness to serve and other background information. This information is evaluated against the general criteria set forth above and the specific needs of Ceridian at that time. Based upon a preliminary assessment of the candidate(s), those who appear best suited to meet Ceridian s needs may be invited to participate in a series of interviews, which are used as a further means of evaluating potential candidates. On the basis of information learned during this process, the Nominating and Corporate Governance Committee determines which nominee(s) to recommend to the board to submit for election at the next annual meeting. The Nominating and Corporate Governance Committee uses the same process for evaluating all nominees, regardless of the original source of the nomination.

Pershing Square, one of our stockholders, has announced an intention to nominate an alternative slate of directors at the 2007 annual meeting. The board of directors recommends that stockholders vote against this slate by returning the enclosed WHITE proxy card and voting for your board of director s nominees.

Any stockholder desiring to present a nomination for consideration by the Nominating and Corporate Governance Committee prior to our 2008 annual meeting of Stockholders must do so no earlier than [ ] and no later than [ ] in order to provide adequate time to duly consider the nominee and comply with our bylaws.

WHERE YOU CAN FIND MORE INFORMATION

This proxy statement incorporates important business and financial information about the Company from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this proxy statement by requesting them in writing or by telephone from the Company at the following address:

Ceridian Corporation
3311 East Old Shakopee Road
Minneapolis, Minnesota 55425
Attn: Investor Relations

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC s website at *www.sec.gov*. You also may obtain free copies of the documents the Company files with the SEC by going to the Investors Relations section of our website at *www.ceridian.com*. Our website address is provided as a reference only. The information provided on our website is not part of this proxy statement, and therefore is not incorporated by reference.

Reports, proxy statements or other information concerning us may also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

You should rely only on the information contained in or incorporated by reference into this proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement. This proxy statement is dated [ ]. You should not assume that the information contained in, or incorporated by reference into, this proxy statement is accurate as of any date other than that date. Our mailing of this proxy statement to stockholders of the Company will not create any implication to the contrary.

This document does not constitute the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such solicitation in such jurisdiction.

Your vote is important. Whether or not you plan to attend the annual meeting, please vote your shares of common stock by marking, signing, dating and promptly returning the enclosed WHITE proxy card in the postage-paid envelope provided or by voting by telephone or by Internet.

BY ORDER OF THE BOARD OF DIRECTORS

[ ], 2007
Minneapolis, Minnesota

L. White Matthews, III
Chairman of the Board of Directors

-112-

Annex A

AGREEMENT AND PLAN OF MERGER

by and among

FOUNDATION HOLDINGS, INC.,

FOUNDATION MERGER SUB, INC.

and

CERIDIAN CORPORATION

Dated as of May 30, 2007

Table of Contents

		Page
ARTICLE I THE MERGER		1
Section 1.1	The Merger	1
Section 1.2	Closing	1
Section 1.3	Effective Time	2
Section 1.4	Effects of the Merger	2
Section 1.5	Certificate of Incorporation and By-laws of the Surviving Corporation	2
Section 1.6	Directors	2
Section 1.7	Officers	2
ARTICLE II CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES		2
Section 2.1	Effect on Capital Stock	2
Section 2.2	Exchange of Certificates	3
ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY		5
Section 3.1	Qualification, Organization, Subsidiaries, etc.	5
Section 3.2	Capital Stock	6
Section 3.3	Corporate Authority Relative to This Agreement; No Violation	7
Section 3.4	Reports and Financial Statements	8
Section 3.5	Internal Controls and Procedures	9
Section 3.6	No Undisclosed Liabilities	9
Section 3.7	Compliance with Law; Permits	10
Section 3.8	Environmental Laws and Regulations	10
Section 3.9	Employee Benefit Plans	11
Section 3.10	Absence of Certain Changes or Events	13
Section 3.11	Investigations; Litigation	13
Section 3.12	Proxy Statement; Other Information	13
Section 3.13	Rights Plan	13
Section 3.14	Tax Matters	13
Section 3.15	Labor Matters	14
Section 3.16	Intellectual Property	14
Section 3.17	Opinion of Financial Advisor	15
Section 3.18	Required Vote of the Company Shareholders	15
Section 3.19	Material Contracts	15

Section 3.20	Insurance	16
Section 3.21	Finders or Brokers	16
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB		17
Section 4.1	Qualification; Organization, Subsidiaries, etc.	17
Section 4.2	Corporate Authority Relative to This Agreement; No Violation	17
Section 4.3	Investigations; Litigation	18
Section 4.4	Proxy Statement; Other Information	18
Section 4.5	Financing	18
Section 4.6	Capitalization of Merger Sub	19
Section 4.7	No Vote of Parent Shareholders	19
Section 4.8	Finders or Brokers	19
Section 4.9	Lack of Ownership of Company Common Stock	19
Section 4.10	No Additional Representations	19
Section 4.11	Solvency	20
Section 4.12	Absence of Arrangements with Management	20
ARTICLE V COVENANTS AND AGREEMENTS		20
Section 5.1	Conduct of Business by the Company and Parent	20
Section 5.2	Investigation	23
Section 5.3	No Solicitation	24
Section 5.		