CERIDIAN CORP /DE/
Form S-4/A
December 15, 2008
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As filed with the Securities and Exchange Commission on December 15, 2008

Registration No. 333 152649

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3

To

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CERIDIAN CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	8742	41-1981625
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

3311 East Old Shakopee Road

Minneapolis, Minnesota 55425

(952) 853-8100

(Name, address, including zip code, and telephone number,

including area code, of registrant s principal executive offices)

Michael W. Sheridan

Executive Vice President, General Counsel

and Corporate Secretary

3311 East Old Shakopee Road

Minneapolis, Minnesota 55425

(615) 370-7000

(Name, address, including zip code, and telephone number,

including area code, of agent for service)

See Table of Additional Registrants Below

Copies to:

Todd R. Chandler, Esq.

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, New York 10153

(212) 310-8000

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE CHART

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Unit (1)**	**Proposed Maximum Aggregate Offering Price (1)**	**Amount of Registration Fee**
11 1/4% Senior Notes due 2015	$825,000,000	100%	$825,000,000	$32,422.50 (4)
Guarantees of 11 1/4% Senior Notes due 2015				(2)
12 1/4%/13% Senior Toggle Notes due 2015 (3)	$650,791,165	100%	$650,791,165	$25,576.09 (4)
Guarantees of 12 1/4%/13% Senior Toggle Notes due 2015				(2)

(1) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended.

(2) The Additional Registrants will guarantee the payment of the 11 1/ 4% Senior Notes due 2015 and the 12 1/4%/13% Senior Toggle Notes due 2015. Pursuant to Rule 457(n) of the Securities Act, no separate registration fee for the guarantees is payable.

(3) Includes $175,791,165 principal amount of such notes which may be issued, at the option of the Registrants, in lieu of cash interest payments thereon. Such additional principal amount constitutes the Registrants reasonable good faith estimate of the amount of such notes which may be paid as interest in lieu of cash.

(4) Already paid.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Table of Additional Registrants

Exact Name of Registrant as Specified in its Charter (Or Other Organizational Document)	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number (If None, Write N/A)	Primary Standard Industrial Classification Code Number	Address, Including Zip Code, of Registrant s Principal Executive Offices	Telephone Number, Including Area Code, of Registrant s Principal Executive Offices
ABR Information Services, Inc.	Florida	59-3228107	8742	3201 34th Street South St. Petersburg, FL 33711	(727) 864-3300
ABR Properties, Inc.	Florida	59-3359093	8742	3201 34th Street South St. Petersburg, FL 33711	(727) 864-3300
Ceridian Benefits Services, Inc.	Florida	59-3424469	8742	3201 34th Street South St. Petersburg, FL 33711	(727) 864-3300
Ceridian Canada Holdings, Inc.	Delaware	41-1902672	8742	3311 East Old Shakopee Road Minneapolis, MN 55425	(952) 853-8100
Ceridian Recruiting Solutions, Inc.	Delaware	84-1541643	8744	6300 South Syracuse Way, Suite 100, Greenwood Village, CO 80111	(303) 779-2900
Ceridian Retirement Plan Services, Inc.	California	94-2268840	8742	3201 34th Street South St. Petersburg, FL 33711	(727) 864-3300
Ceridian Tax Service, Inc.	Delaware	41-1902914	8742	17390 Brookhurst Street, Suite 100 Fountain Valley, CA 92708	(714) 963-1311
Comdata Network, Inc.	Maryland	62-0813252	6199	5301 Maryland Way Brentwood, TN 37027	(615) 370-7000
Comdata Network, Inc. of Australia	Tennessee	02-0686814	6199	5301 Maryland Way Brentwood, TN 37027	(615) 370-7000
Comdata Network, Inc. of California	California	62-1455497	7389	5301 Maryland Way Brentwood, TN 37027	(615) 370-7000
Comdata Processing Systems, Inc.	Delaware	41-2045710	6199	101 Bullitt Lane, Suite 305 Louisville, KY 40222	(502) 326-4600
Comdata Stored Value Solutions, Inc.	Delaware	34-1830553	6199	101 Bullitt Lane, Suite 305	(502) 326-4600

				Louisville, KY 40222	
Comdata Telecommunications Services, Inc.	Delaware	62-1605719	4813	5301 Maryland Way Brentwood, TN 37027	(615) 370-7000
FTB Insurance Agency, Inc.	Minnesota	74-3036452	6411	3311 East Old Shakopee Road Minneapolis, MN 55425	(952) 853-8100
Intertax, Inc.	Minnesota	41-1790303	8721	13911 Ridgedale Drive Minnetonka, MN 55305	(952) 512-9000

The name, address and telephone number of agent for service for each of the Additional Registrants is:

Michael W. Sheridan

Ceridian Corporation

3311 East Old Shakopee Road

Minneapolis, MN 55425

(615) 370-7000

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 15, 2008

PROSPECTUS

CERIDIAN CORPORATION

OFFERS TO EXCHANGE

All Outstanding

11 1/4% Senior Notes due 2015

and

12 1/4%/13% Senior Toggle Notes due 2015 (together the Restricted Notes)

for

11 1/4% Senior Notes due 2015

and

12 1/4%/13% Senior Toggle Notes due 2015

the issuance of each of which has been registered under the Securities Act of 1933 (together, the Exchange Notes and, collectively with the Restricted Notes, the notes). We refer herein to the foregoing offers to exchange together as the exchange offers.

The exchange offers will expire at 5:00 p.m., New York City time, on , 2008, unless we extend the exchange offers in our sole and absolute discretion.

Material Terms of the Exchange Offers

The only conditions to completing the exchange offers are that the exchange offers not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission, which we refer to as the SEC or the Commission; no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offers and no material adverse development shall have occurred in any existing action or proceeding with respect to us; and all governmental approvals shall have been obtained, which approvals we deem necessary for the consummation of the exchange offers.

We will exchange all outstanding Restricted Notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offers for an equal principal amount of the applicable Exchange Notes.

You may withdraw tenders of Restricted Notes at any time prior to the expiration or termination of the exchange offers.

Restricted Notes may be tendered only in integral multiples of $1,000 principal amount.

The terms of the Exchange Notes are substantially identical in all material respects to those of the applicable outstanding Restricted Notes, except that transfer restrictions, registration rights and additional interest provisions relating to the Restricted Notes do not apply to the Exchange Notes.

We will not receive any proceeds from the exchange offers.

Results of the Exchange Offers

The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. We do not plan to list the Exchange Notes or Restricted Notes on a national market.

All outstanding Restricted Notes not tendered will continue to be subject to the restrictions on transfer set forth in the outstanding Restricted Notes in the indenture. In general, outstanding Restricted Notes may not be offered or sold, unless registered under the Securities Act of 1933, as amended (the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Other than in connection with the exchange offers, we do not plan to register the outstanding Restricted Notes under the Securities Act.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Restricted Notes where such Restricted Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the expiration date of the exchange offers, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Consider carefully the Risk Factors beginning on page 18 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008

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MARKET AND INDUSTRY DATA

Information regarding the market share and market position of our businesses contained in this prospectus consists of our estimates based on data and reports compiled by industry analysts and on our management s knowledge of our business and markets.

Although we believe that the third-party sources upon which we have relied are reliable, we have not independently verified market industry data provided by third parties. Similarly, while we believe our management s estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources.

TRADEMARKS

We own or have the rights to various trademarks, trade names and service marks, including the following: Ceridian®, Comchek®, Comdata® and LifeWorks®, and various logos used in association with these terms. The trademarks American Express®, Discover®, MasterCard®, Visa®, Cirrus® and Maestro® referred to in this prospectus are the registered trademarks of others.

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PROSPECTUS SUMMARY

This summary highlights information appearing elsewhere in this prospectus. It may not contain all of the information that is important to you. You should read the entire prospectus, including the section entitled Risk Factors, our consolidated financial statements and the related notes thereto and the other documents to which this prospectus refers, before deciding to participate in the exchange offers.

Unless otherwise noted, references to (i) Ceridian, our company, we, us and our refer to Ceridian Corporation and its direct and indirect subsidiaries; (ii) fiscal year refers to the twelve months ended December 31 of the year referenced; and (iii) pro forma means after giving effect to the Transactions (as defined under Recent Transactions) and the adjustments set forth under Unaudited Pro Forma Condensed Consolidated Statement of Operations.

Our Company

We are a provider of outsourced processing services to a diverse customer base in a wide range of industries. We have market positions in large and growing markets and expect to benefit from the long-term trend towards outsourcing. We operate through three principal business segments, Human Resource Solutions (HRS), Stored Value Solutions (SVS) and Comdata. HRS offers a broad range of human resource (HR) outsourcing services built around a core capability of payroll processing. SVS sells stored value cards and provides card-based services primarily to retailers in the form of gift cards, credits for product returns and retail promotions. Comdata is a provider of proprietary, credit and debit cards, including fuel cards and employer pay cards, and a processor of card transactions for various industries in the United States, including the transportation industry. Comdata also provides regulatory compliance services primarily to the transportation industry.

Our mission is to help our customers maximize the power of their people, lower their costs and focus on what they do best. We seek to accomplish this by leveraging our processing platforms and infrastructure to deliver timely, accurate and high volume transaction processing services to our customers. These capabilities have been developed over several decades and can handle additional capacity with modest incremental cost, enabling us to increase our cash flow and operating margins as we grow. By focusing on servicing our customers mission-critical needs, we have been able to develop strong, long-term customer relationships across our businesses. Our revenue retention rates and recurring transaction-based business model have provided us with a stable base of revenue.

Our Segments

Human Resource Solutions

Our HR solutions are designed to help companies more easily and effectively manage their workforce and the information integral to HR processes while reducing costs and enabling them to focus on their core businesses. We offer a broad range of HR outsourcing services built around a core capability of payroll processing. Over time we have complemented our payroll processing services by adding additional HR outsourcing services, including benefits administration and integrated health and productivity services. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, HRS generated $1,132.5 million and $827.0 million of revenue, respectively.

U.S. Payroll Processing, Tax Filing and Related HR Services (U.S. Payroll)

Our U.S. Payroll operating unit provides a wide range of services including payroll processing, collecting and remitting funds for payroll taxes, filing applicable returns, furnishing employee payroll checks and direct deposit advices and other related HR services. Included in our U.S. Payroll revenue is the investment income we

earn on customer funds before those funds are remitted to taxing authorities, customer employees or other third parties. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, U.S. Payroll generated $554.6 million and $598.4 million of revenue, respectively.

Other U.S. HRS Services

Benefits Administration Services (Benefits)

Our Benefits operating unit provides integrated employee health and welfare benefits administration services for active, former and retired employees. Benefits offers services including annual health plan enrollment, ongoing employee enrollment, benefits continuation, eligibility services and flexible spending accounts. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, Benefits generated $140.4 million and $96.9 million of revenue, respectively.

Work-Life, Employee Assistance, Health and Wellness and Productivity Solutions (LifeWorks)

Our LifeWorks operating unit provides fully integrated health and productivity services ranging from employee assistance programs to work-life, health coaching and absence management solutions. These services address employee effectiveness issues and seek to improve customer employee retention rates and productivity, reduce absenteeism and health care costs and enhance recruitment success. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, LifeWorks generated $128.2 million and $131.7 million of revenue, respectively.

Human Resource Outsourcing (HRO)

Our HRO operating unit assumes responsibility for our customers entire human resources department. HRO focuses on companies with 3,000 to 15,000 employees, providing them with a comprehensive suite of modular, fully managed HRS products. HRO revenue is reported within the U.S. Payroll, Benefits and LifeWorks operating units.

International HRS

Our International HRS operating unit is comprised of Ceridian Canada Ltd. (Ceridian Canada) and Ceridian UK Limited (Ceridian UK) and provides payroll processing services, human resource information system solutions, tax filing services (in Canada only), work-life, employee assistance programs and recruitment services. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, Ceridian UK generated $98.3 million and $72.5 million of revenue, respectively. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, Ceridian Canada generated $211.0 million and $169.6 million of revenue, respectively.

SVS

SVS is a provider and processor of stored value cards to customers principally in the retail, restaurant, airline, hospitality and entertainment, and service industries in the United States. SVS provides stored value card programs to merchants for use as gift cards, credits for returned products and retail promotions. For the fiscal year ended December 31, 2007 and nine months ended September 30, 2008, SVS generated $177.2 million and $66.7 million of revenue, respectively.

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Comdata

Comdata is a provider of proprietary, credit and debit cards, including fuel cards and employer pay cards, and a processor of card transactions for various industries in the United States, including the transportation industry. We provide these services primarily through the use of our Comdata Card, a payment card with credit and debit capabilities. The Comdata Card enables companies to authenticate, authorize and control employee purchases and provide payroll and cash advances to their employees. We also provide detailed information to our customers that enables them to control their spending and secure discounts that we are able to negotiate with fuel providers. Comdata also provides regulatory compliance services primarily to the transportation industry. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, Comdata generated $335.2 million and $287.0 million of revenue, respectively.

Our Strengths

Our competitive strengths include:

Large and Growing Markets. We benefit from operating in large markets with strong and consistent historical and projected growth.

Market Positions. We believe that our size, scale and market positions will enable us to continue to capitalize on the growth within our markets.

Stable, Recurring Revenue. Our business model is predicated on providing our customers with transaction-based, core services that are recurring in nature. The services that we provide, such as enabling HRS customers to pay their employees and transportation customers to purchase fuel, are generally essential to our customers businesses. We also benefit from employers unwillingness to take risks in switching providers due to potential business interruptions and the relatively low cost of our services.

Strong Cash Flow. Our capital expenditures for the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, were approximately 4% and 3% of sales, respectively. We benefit from our scalable operating platforms, which enable us to generate additional revenue with modest incremental capital investment. We expect that the strong historic retention of our revenue base along with our disciplined approach toward spending will enable us to continue generating consistent cash flow.

Well-Diversified Customer Base. We benefit from a large customer base with limited customer concentration. We believe this customer diversity reduces our reliance on any single customer.

Highly Experienced Management Team. Kathryn V. Marinello joined Ceridian as President and Chief Executive Officer in October 2006 from General Electric (GE) where she was President and Chief Executive Officer of GE Fleet Services. Since joining us, Ms. Marinello has strengthened our senior management team by hiring Gregory J. Macfarlane, Michael F. Shea and Kairus K. Tarapore.

Unique Private Equity/Corporate Sponsorship. We benefit from the ownership and support of Thomas H. Lee Partners, L.P. (THL Partners) and Fidelity National Financial, Inc. (FNF). Both THL Partners and FNF have significant experience investing in businesses similar to Ceridian. In addition to the financial expertise that THL Partners and FNF provide, FNF also brings meaningful operational expertise. FNF also brings cross-selling and distribution opportunities. We expect that THL Partners and FNF s unique combination of financial and operational expertise will continue to enable us to execute our strategic plan.

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Our Strategy

Our goals are to continue to increase the value we deliver to our customers, streamline our operations and grow our business profitably. We intend to execute our goals through the following business strategies:

Capitalize on Our Market Positions. We believe our market positions will enable us to benefit from the growth opportunities available in our markets. As a payroll provider, we should benefit from the continued trend toward payroll and HR outsourcing. Accordingly, we intend to use our position to attract new customers to our core payroll business while further growing our Benefits, LifeWorks and HRO operating units. In Comdata, we will continue to expand our product offerings, services and network to increase our customer base and enable our customers to control their spending on a wider range of goods and services. In SVS, we intend to continue to grow our global market share in this industry and win large accounts that other providers may not be as well-situated to handle.

Execute U.S. HRS Operating Improvement Plan. Our U.S. HRS operating unit has specific initiatives underway to improve its margins while also improving customer service quality. With relatively lower margins than our competitors such as ADP and Paychex, Inc. and our own Ceridian Canada operating unit, we believe there is significant potential to increase U.S. HRS margins. This margin differential is largely due to a decentralized and multi-layered organization with duplicative headcounts, technology platforms and manual processes. Our operating improvement plan consists of several initiatives to significantly improve results, including workforce reduction, reduction in SG&A expenses, streamlined technology spending and business process improvements, including transferring certain processes offshore. We believe our operating improvement plan will make U.S. HRS a more efficient and streamlined business, providing better customer service and more capable of capturing the growth opportunities available in the market.

Improve Customer Service and Retention Rates. Our primary focus is on providing timely and reliable service to our customers. We believe our operating improvement plan will further enhance customer service by creating a leaner and more efficient company. For example, through more efficient work flow management, we plan to reduce our call center wait times leading to quicker and more reliable customer service. Also, we plan to streamline certain areas of our organization to place senior executives in a position to be closer and more responsive to customers and their needs. We believe that better customer service will further improve retention rates, yielding stronger revenue growth and margins.

Increase Sales through Improved Sales Force and Sales Processes and New Distribution Partners. We have executed an upgrade of our U.S. Payroll sales force by replacing underperformers with new hires. As the new sales force continues to mature, we expect new sales order improvements and better customer service. We are also targeting new sales channels by developing distribution relationships with new partners including banks, credit unions, affinity partnerships, third-party administrator networks and insurance brokers. We intend to leverage FNF s extensive relationships as part of this strategy.

Expand into Complementary Markets. We intend to expand our offering of processing services to companies and industries with similar needs as our core customers. For example, U.S. Payroll is targeting the small market segment through our newly developed Freedom product, which provides increased functionality on a web based system. In addition, we have been pursuing distribution opportunities to enable us to better reach this market. In Comdata, we plan to continue expansion by offering processing services to industries such as aviation and construction that have similar needs as our core transportation customers. In SVS, we are also seeking to grow our international presence by selling stored value cards to existing customers with international operations and foreign locations.

Cross-Sell Our Products. Historically, our business segments, and even the operating units within HRS, have operated as stand-alone operations with little cross-selling. We have begun to focus on more effective

selling of our services across the customer bases of our operating units. We believe that effectively cross-selling our service offerings will strengthen our relationships with existing customers, help us attract new customers and increase our revenue growth and profitability.

The Transactions

On November 9, 2007, affiliates of THL Partners and FNF (together, the Sponsors) and their co-investors acquired all the outstanding equity of Ceridian. Under the terms of the agreement, the Sponsors and their co-investors, including certain members of management, acquired the equity of Ceridian for $36.00 per share or a total equity purchase price of approximately $5.3 billion (the Acquisition). Prior to the Acquisition, Ceridian s common stock was listed on the New York Stock Exchange (CEN).

The Acquisition, including related fees and expenses, was financed through (i) $346.7 million of available cash on hand, (ii) $2,250.0 million of borrowings under a senior secured term loan facility (together with a revolving facility providing for borrowings up to $300.0 million, the senior secured credit facilities), (iii) $1,300.0 million of senior notes and (iv) an equity investment of approximately $1,600.0 million by the Sponsors and their co-investors. The Acquisition, the related financing (including the issuance of the Restricted Notes) and the application of proceeds therefrom are referred to herein as the Transactions.

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The following chart summarizes our corporate structure and principal indebtedness.

(1) Represents the sum of cash equity investments of approximately $1,300.0 million made by the Sponsors and their co-investors, including certain members of management. See Security Ownership of Certain Beneficial Owners for further information regarding ownership of the common stock of Ceridian Holding.

(2) Subsequent to the Acquisition, during the fourth quarter of 2007 and first quarter of 2008, certain of our employees purchased an aggregate of approximately $2.5 million of the common stock of Ceridian Holding.

(3) Represents the sum of cash equity investments in preferred stock of approximately $300.0 million made by the Sponsors and their co-investors, including certain members of management. See Security Ownership of Certain Beneficial Owners for further information regarding ownership of the preferred stock of Ceridian Intermediate.

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(4) Subsequent to the Acquisition, during the fourth quarter of 2007 and the first quarter of 2008, certain of our employees purchased an aggregate of approximately $0.6 million of the preferred stock of Ceridian Intermediate.

(5) Foundation Holdings, Inc. guarantees the senior secured credit facilities, but not the notes.

(6) Our senior secured credit facilities provide for a $300.0 million revolving credit facility. As of September 30, 2008, $200.0 million was outstanding under the revolving credit facility. As of December 12, 2008, no amounts were outstanding under the revolving credit facility.

(7) The non-U.S. subsidiaries of Ceridian do not guarantee the notes due to the adverse tax consequences of non-U.S. subsidiaries providing guarantees of indebtedness of U.S. entities. In addition, subsidiaries that are not directly or indirectly wholly owned by Ceridian or that are not otherwise required to guarantee the senior secured credit facilities do not guarantee the notes. For the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, the subsidiaries that do not guarantee the notes accounted for approximately $314.7 million and $250.3 million of our total revenue, respectively. As of September 30, 2008, the subsidiaries that do not guarantee the notes accounted for approximately $2,080.7 million of our total assets, and approximately $1,446.8 million of our total liabilities.

The Sponsors

The acquisition of Ceridian marks the third investment partnership between THL Partners and FNF. THL Partners and FNF have partnered together in the past, co-investing in Sedgwick CMS, a North American provider of innovative claims and productivity management solutions, and Fidelity National Information Services, Inc. (FIS), a provider of core financial institution processing, card issuer and transaction processing services. THL Partners and FNF believe that their partnerships have been successful due to the unique combination of financial and operational expertise provided by THL Partners and FNF, respectively. In acquiring Ceridian, the Sponsors are continuing to build upon this unique private equity/strategic investment partnership.

THL Partners

THL Partners is one of the oldest and most successful private equity firms in the United States and currently manages approximately $20 billion of committed capital. Since its founding in 1974, THL Partners has become the pre-eminent growth buyout firm, investing approximately $12 billion of equity capital in more than 100 businesses with an aggregate purchase price of more than $125 billion, completing more than 200 add-on acquisitions for portfolio companies and generating superior returns for its investors and partners. THL Partners identifies and acquires substantial ownership positions in large growth-oriented companies through acquisitions, recapitalizations and direct investments. THL Partners invests in companies with leading market positions, proven and experienced management teams, recognized brand names and well-defined business plans, which include opportunities for growth and expansion in their core and related businesses. THL Partners has had recent successes in business services, through its investments in The Nielsen Company (formerly VNU), West Corporation, Experian, FIS and Sedgwick CMS.

Fidelity National Financial

FNF is a provider of title insurance, specialty insurance, claims management services and information services. FNF is one of the nation s largest title insurance companies through its title underwriters Fidelity National Title, Chicago Title, Ticor, Ticor Title, Security Union Title and Alamo Title that issue approximately 27% of all title insurance polices in the United States. FNF also provides flood insurance, personal lines insurance and home warranty insurance through its specialty insurance business. FNF also is a provider of outsourced claims management services to large corporate and public sector entities through its minority-owned subsidiary, Sedgwick CMS. FNF is also a leading information services company in the human resource, retail and transportation markets through its minority-ownership interest in Ceridian. FNF generated revenue of approximately $5.5 billion in 2007 and has a current market capitalization of approximately $2.7 billion as of December 12, 2008.

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FNF has a consistent track record of managing business transformation and achieving significant cost synergies in past acquisitions. FNF acquired Alltel Information Services, a business similar to Ceridian, in 2003 and used it as the cornerstone in building FIS, a company with an approximate $3.0 billion market capitalization as of December 12, 2008. We believe that FNF will provide valuable expertise in executing our cost savings and technology strategies.

Our Executive Offices

Our principal executive offices are located at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425, and our telephone number at that address is (952) 853-8100. Our web site is located at *www.ceridian.com.* The information on our web site is not part of this prospectus.

Summary of the Terms of the Exchange Offers

On November 9, 2007, in connection with the Transactions, we completed the private offering of $825,000,000 aggregate principal amount of 11 1/4% Senior Notes due 2015 (the Senior Cash Pay Restricted Notes) and $475,000,000 aggregate principal amount of 12 1/4%/13% Senior Toggle Notes due 2015 (the Senior Toggle Restricted Notes and, together with the Senior Cash Pay Restricted Notes, the Restricted Notes). We refer to the issuance of the Restricted Notes in this prospectus as the original issuance. The initial purchasers of the Restricted Notes in the original issuance were Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Banc of America Securities LLC.

At the time of the original issuance, we entered into a registration rights agreement with the initial purchasers of the Restricted Notes in which we agreed to, among other things, complete exchange offers for the Restricted Notes. We refer to the Senior Cash Pay Exchange Notes and the Senior Toggle Exchange Notes (each as defined below) as the Exchange Notes. You are entitled to exchange your Restricted Notes in the exchange offers for Exchange Notes with identical terms, except that the Exchange Notes will have been registered under the Securities Act and will not bear legends restricting their transfer. Unless you are a broker-dealer or unable to participate in the exchange offers, we believe that the Exchange Notes to be issued in the exchange offers may be resold by you without compliance with the registration and prospectus delivery requirements of the Securities Act. You should read the discussions under the headings The Exchange Offers and Description of the Notes for further information regarding the Exchange Notes.

Registration Rights Agreement

Under the registration rights agreement, we are obligated to offer to exchange the Restricted Notes for Exchange Notes with substantially identical terms. The exchange offers are intended to satisfy that obligation. After the exchange offers are complete you will no longer be entitled to any exchange or registration rights with respect to your Restricted Notes.

The Exchange Offers

We are offering to exchange up to:

- $825,000,000 aggregate principal amount of 11 1/4% Senior Exchange Notes due 2015 (the Senior Cash Pay Exchange Notes and, together with the Senior Cash Pay Restricted Notes, the Senior Cash Pay Notes); and

- $475,000,000 aggregate principal amount of 12 1/4%/13% Senior Toggle Exchange Notes due 2015 (the Senior Toggle Exchange Notes and, together with the Senior Toggle Restricted Notes, the Senior Toggle Notes)

for a like principal amount of the respective Restricted Notes to satisfy our obligations under the registration rights agreement.

In order to be exchanged, Restricted Notes must be properly tendered and accepted. All Restricted Notes that are validly tendered and not validly withdrawn will be accepted and exchanged.

We will issue the Exchange Notes promptly after the expiration of the exchange offers.

Resales of the Exchange Notes

We believe that the Exchange Notes to be issued in the exchange offers may be offered for resale, resold and otherwise transferred by

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you without compliance with the registration and prospectus delivery provisions of the Securities Act if, but only if, you meet the following conditions:

- the Exchange Notes to be issued to you in the exchange offers are acquired in the ordinary course of your business;
- at the time of the commencement of the exchange offers you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offers in violation of the Securities Act;
- you are not our affiliate, as that term is defined in Rule 405 of the Securities Act;
- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offers;
- if you are a participating broker-dealer that will receive Exchange Notes for its own account in exchange for the Restricted Notes that were acquired as a result of market-making or other trading activities, that you will deliver a prospectus in connection with any resale of the Exchange Notes; and
- you are not acting on behalf of any persons or entities who could not truthfully make the foregoing representations.

Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. The staff has not considered the exchange offers in the context of a no-action letter, and we cannot assure you that the staff would make a similar determination with respect to the exchange offers.

If you do not meet the above conditions, you may not participate in the exchange offers or sell, transfer or otherwise dispose of any Restricted Notes unless (i) they have been registered for resale by you under the Securities Act and you deliver a resale prospectus meeting the requirements of the Securities Act or (ii) you sell, transfer or otherwise dispose of the Exchange Notes in accordance with an applicable exemption from the registration requirements of the Securities Act.

Each broker-dealer that received Exchange Notes in the exchange offers for its own account in exchange for Restricted Notes that were acquired by that broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any of its resales of those Exchange Notes. A broker-dealer may use this prospectus to offer to resell, resell or otherwise transfer those Exchange Notes. See Plan of Distribution. A broker- dealer may use this prospectus for an offer to resell or to otherwise

transfer those Exchange Notes for a period of 90 days after the expiration of the exchange offers.

Expiration Date

The exchange offers will expire at 5:00 p.m., New York City time, on , 2008, unless we decide to extend the exchange offers. We do not intend to extend the exchange offers, although we reserve the right to do so. If we determine to extend the exchange offers, we do not intend to extend it beyond , 2008.

Conditions to the Exchange Offers

The only conditions to completing the exchange offers are that:

the exchange offers do not violate applicable law or any applicable interpretation of the staff of the SEC;

no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offers, and no material adverse development shall have occurred in any existing action or proceeding with respect to us; and

all governmental approvals shall have been obtained, which approvals we deem necessary for the consummation of the exchange offers.

See The Exchange Offers Conditions.

Procedures for Tendering Restricted Notes

The Restricted Notes were issued as global securities in fully registered form without interest coupons. Beneficial interests in the Restricted Notes which are held by direct or indirect participants in The Depository Trust Company (DTC) through certificateless depositary interests are shown on, and transfers of the Restricted Notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.

If you are a holder of a Restricted Note held in the form of a book-entry interest and you wish to tender your Restricted Note for exchange pursuant to the exchange offers, you must transmit to Wells Fargo Bank, National Association, as exchange agent, on or prior to the expiration of the exchange offers either:

a written or facsimile copy of a properly completed and executed letter of transmittal and all other required documents to the address set forth on the cover page of the letter of transmittal; or

a computer-generated message transmitted by means of DTC s Automated Tender Offer Program system and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal.

The exchange agent must also receive on or prior to the expiration of the exchange offers either:

a timely confirmation of book-entry transfer of your original notes into the exchange agent s account at DTC, in accordance with the

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procedure for book-entry transfers described in this prospectus under the heading The Exchange Offer Book-Entry Transfer; or

the documents necessary for compliance with the guaranteed delivery procedures described below.

A form of letter of transmittal accompanies this prospectus. By examining the letter of transmittal or delivering a computer-generated message through DTC s Automated Tender Offer Program system, you will represent to us that, among other things:

the Exchange Notes to be issued to you in the exchange offers are acquired in the ordinary course of your business;

at the time of the commencement of the exchange offers you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offer in violation of the Securities Act;

you are not our affiliate, as that term is defined in Rule 405 of the Securities Act;

you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offers;

if you are a participating broker-dealer that will receive Exchange Notes for your own account in exchange for the Restricted Notes that were acquired as a result of market-making or other trading activities, that you will deliver a prospectus in connection with any resale of the Exchange Notes; and

you are not acting on behalf of any persons or entities who could not truthfully make the foregoing representations.

Special Procedures for Beneficial Owner

If you are the beneficial owner of Restricted Notes and they are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your Restricted Notes, you should promptly contact the person in whose name your Restricted Notes are registered and instruct that person to tender on your behalf. Any registered holder that is a participant in DTC s book-entry transfer facility system may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent s account. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal for your Restricted Notes and delivering your Restricted Notes, either make appropriate arrangements to register ownership of the Restricted Notes in your name or obtain a properly completed bond power from the person in whose name your Restricted Notes are registered. The transfer of registered ownership may take considerable time.

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Guaranteed Delivery Procedures	If you wish to tender your Restricted Notes and:

- they are not immediately available;
- time will not permit your Restricted Notes or other required documents to reach the exchange agent before the expiration of the exchange offers; or
- you cannot complete the procedure for book-entry transfer on a timely basis,

you may tender your Restricted Notes in accordance with the guaranteed delivery procedures set forth in The Exchange Offers Procedures for Tendering Restricted Notes.

Acceptance of Restricted Notes and Delivery of Exchange Notes	Except under the circumstances described above under Conditions to the Exchange Offers, we will accept for exchange any and all Restricted Notes which are properly tendered in the exchange offers prior to 5:00 p.m., New York City time, on the expiration date. The Exchange Notes to be issued to you in the exchange offers will be delivered promptly following the expiration date. See The Exchange Offers Terms of the Exchange Offers.
Withdrawal	You may withdraw the tender of your Restricted Notes at any time prior to 5:00 p.m., New York City time, on the expiration date. We will return to you any Restricted Notes not accepted for exchange for any reason without expense to you as promptly as we can after the expiration or termination of the exchange offers.
Use of Proceeds	We will not receive any proceeds from the exchange offers.
Exchange Agent	Wells Fargo Bank, National Association is serving as the exchange agent in connection with the exchange offers.
Consequences of Failure to Exchange	If you do not participate in the exchange offers, upon completion of the exchange offers, the liquidity of the market for your Restricted Notes could be adversely affected. See The Exchange Offers Consequences of Failing to Exchange Restricted Notes.
Federal Income Tax Consequences	The exchange of Restricted Notes for Exchange Notes will not be a taxable event for federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.

Summary of the Terms of the Exchange Notes

The following summary contains basic information about the Restricted Notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Exchange Notes, please refer to the section of this prospectus entitled Description of the Notes.

Issuer	Ceridian Corporation.
Exchange Notes Offered	\$1,300,000,000 of Exchange Notes, comprised of \$825,000,000 aggregate principal amount of 11 1/4% Senior Notes due 2015 and \$475,000,000 aggregate principal amount of 12 1/4%/13% Senior Toggle Notes due 2015.
Maturity	The Exchange Notes will mature on November 15, 2015.
Interest	Interest on the Senior Cash Pay Exchange Notes will accrue in cash at a rate of 11 1/4% per annum.

For any interest payment prior to November 15, 2011, we may elect to pay interest on the Senior Toggle Exchange Notes, at our option either (i) entirely in cash (cash interest), (ii) entirely through payment-in-kind (PIK) by increasing the principal amount of the Senior Toggle Exchange Notes (PIK interest) or (iii) by paying half of the interest on the principal amount of Senior Toggle Exchange Notes in cash interest and half in PIK interest. After November 15, 2011, all interest on the Senior Toggle Exchange Notes will be payable in cash. Cash interest on the Senior Toggle Exchange Notes will accrue at a rate of 12 1/4% per annum, and PIK interest on the Senior Toggle Exchange Notes will accrue at a rate of 13% per annum. If we elect to pay PIK interest, we will increase the principal amount of the Senior Toggle Exchange Notes in an amount equal to the amount of PIK interest for the applicable interest payment period (rounded up to the nearest \$1,000 in the case of global notes) due to holders of Senior Toggle Exchange Notes on the relevant record date. The Senior Toggle Exchange Notes will bear interest on the increased principal amount thereof from and after the applicable interest payment date on which a payment of PIK interest is made. We must elect the form of interest payment for the Senior Toggle Exchange Notes with respect to each interest period prior to the beginning of the applicable interest period. In the absence of such an election or proper notification of such election to the trustee, interest on the Senior Toggle Exchange Notes will be in the form specified in the most recent interest election we delivered.

	Interest on the Exchange Notes will be payable on May 15 and November 15 of each year.
Original Issue Discount	We have the option to pay interest on the Senior Toggle Exchange Notes in cash interest or PIK interest. For U.S. federal income tax purposes, the existence of this option means that none of the interest payments on the Senior Toggle Exchange Notes will be qualified stated interest even if we never exercise the option to pay interest in

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the form of PIK interest. Consequently, the Senior Toggle Exchange Notes will be treated as issued with original issue discount and U.S. holders will be required to include such discount in gross income for U.S. federal income tax purposes in advance of the receipt of cash payments on the Senior Toggle Exchange Notes. See Certain U.S. Federal Income Tax Considerations.

Guarantees

The Exchange Notes will be guaranteed, jointly and severally, on a senior, unsecured basis by ABR Information Services, Inc., ABR Properties, Inc., Ceridian Benefits Services, Inc., Ceridian Canada Holdings, Inc., Ceridian Recruiting Solutions, Inc., Ceridian Retirement Plan Services, Inc., Ceridian Tax Service, Inc., Comdata Network, Inc., Comdata Network, Inc. of Australia, Comdata Network, Inc. of California, Comdata Processing Systems, Inc., Comdata Stored Value Solutions, Inc., Comdata Telecommunications Services, Inc., FTB Insurance Agency, Inc., Intertax, Inc. and each of our future subsidiaries who guarantee the Exchange Notes pursuant to the terms of the indenture.

Ranking

The Exchange Notes will be our unsecured senior obligations and will:

- rank senior in right of payment to our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Exchange Notes;

- rank equally in right of payment to all of our existing and future debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Exchange Notes; and

- be effectively subordinated in right of payment to all of our existing and future secured debt, to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the Exchange Notes.

Similarly, the guarantees of the Exchange Notes will be senior unsecured obligations of the guarantors and will:

- rank senior in right of payment to all of the applicable guarantor s future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Exchange Notes;

- rank equally in right of payment to all of the applicable guarantor s existing and future debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Exchange Notes; and

- be effectively subordinated in right of payment to all of the applicable guarantor s existing and future secured debt, to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the notes.

	As of September 30, 2008, we had $2,450 million of secured debt, excluding up to $100.00 million available to borrow under our senior secured revolving facility, to which the Exchange Notes would be effectively subordinated, and our subsidiaries that are not guarantors of the Exchange Notes had liabilities of $1,446.8 million.
Optional Redemption	Prior to November 15, 2011, we may redeem some or all of the Exchange Notes for cash at a redemption price equal to 100% of their principal amount plus an applicable make-whole premium (as described in Description of the Notes Optional Redemption) plus accrued and unpaid interest to the redemption date. Beginning on November 15, 2011, we may redeem some or all of the Exchange Notes at the redemption prices listed under Description of the Notes Optional Redemption plus accrued and unpaid interest to the redemption date.
Optional Redemption After Certain Equity Offerings	At any time (which may be more than once) until November 15, 2010, we can choose to redeem up to 35% of the outstanding notes of either series with money that we raise in certain equity offerings, so long as:
	we pay 111.25% of the face amount of the Senior Cash Pay Exchange Notes or 112.25% of the face amount of the Senior Toggle Exchange Notes, as applicable, plus accrued and unpaid interest;
	we redeem the Exchange Notes within 180 days of completing such equity offering; and
	at least 50% of the aggregate principal amount of the applicable series of Exchange Notes remains outstanding afterwards.
Change of Control Offer	If we experience a change in control, we must give holders of the Exchange Notes the opportunity to sell us their notes at 101% of their face amount, plus accrued and unpaid interest.
	We might not be able to pay you the required price for Exchange Notes you present to us at the time of a change of control, because we might not have enough funds at that time.
Asset Sale Proceeds	If we or our subsidiaries engage in asset sales, we generally must either invest the net cash proceeds from such sales in our business within a period of time, prepay senior debt or make an offer to purchase a principal amount of the Exchange Notes equal to the excess net cash proceeds. The purchase price of the Exchange Notes will be 100% of their principal amount, plus accrued and unpaid interest.
Certain Covenants	The indenture governing the Exchange Notes contains covenants, including, among others, covenants limiting our ability and the ability of our restricted subsidiaries to:
	incur additional debt or enter into sale and leaseback transactions;

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- pay dividends or distributions on our capital stock or repurchase our capital stock;
- issue stock of subsidiaries;
- make certain investments;
- create liens on our assets;
- enter into transactions with affiliates;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- merge or consolidate with another company; and
- transfer and sell assets.

These covenants are subject to a number of important limitations and exceptions.

Risk Factors

Investing in the Exchange Notes involves a high degree of risk. Please see Risk Factors immediately following this summary for a discussion of risks relating to an investment in the Exchange Notes and participation in the exchange offers.

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RISK FACTORS

Participating in the exchange offers and investing in the notes involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in this prospectus, before making your decision to participate in the exchange offers or invest in the notes. Any of the following risks could harm the value of the notes directly, or our business and financial results and thus indirectly cause the value of the notes to decline. As a result of any of these risks, you may lose all or part of your investment in the notes.

Risks Related to the Notes

Our substantial indebtedness could adversely affect our operations and your investment in the notes.

As a result of the Transactions, we have a significant amount of indebtedness. As of September 30, 2008, we had outstanding total indebtedness of approximately $3,754.0 million, including $200.0 of debt outstanding under our senior secured revolving credit facility. As of December 12, 2008, we had no amounts outstanding under our senior secured revolving credit facility and as of that date had approximately $300.0 million of additional borrowing capacity.

Our substantial level of indebtedness and other financial obligations increase the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on, or other amounts due, in respect of our indebtedness, including the notes. Our substantial debt could also have other significant consequences. For example, it could:

- increase our vulnerability to general adverse economic, competitive and industry conditions;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes on satisfactory terms or at all;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of our indebtedness, thereby reducing the funds available to us for operations and any future business opportunities;
- expose us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities, which are at variable rates of interest;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- limit our planning flexibility for, or ability to react to, changes in our business and the industries in which we operate;
- limit our ability to adjust to changing market conditions; and
- place us at a competitive disadvantage with competitors who may have less indebtedness and other obligations or greater access to financing.

If we fail to make any required payment under our senior secured credit facilities or to comply with any of the financial and operating covenants included in the senior secured credit facilities, we will be in default. Lenders under such facilities could then vote to accelerate the maturity of the indebtedness and foreclose upon our and our subsidiaries assets securing such indebtedness. Other creditors might then accelerate other indebtedness. If any of our creditors accelerate the maturity of their indebtedness, we may not have sufficient assets to satisfy our obligations under the senior secured credit facilities or our other indebtedness, including the notes offered hereby.

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Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture governing the notes offered hereby and our senior secured credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. For example, as of December 12, 2008 we have up to $300.0 million of borrowings available under our senior secured revolving credit facility. In addition to the amount available under our revolving credit facility, we may, at our option subject to certain conditions, increase the amount of indebtedness we incur under our senior secured credit facilities through additional term loan borrowings or additional availability under our revolving credit facility in an aggregate amount not to exceed $300.0 million. Any additional borrowings would be effectively senior to the notes and the related guarantees to the extent of the value of the assets securing such indebtedness. Moreover the indenture governing the notes offered hereby does not impose any limitation on our incurrence of liabilities that are not considered indebtedness under the indenture, and does not impose any limitation on liabilities incurred by our subsidiaries, if any, that might be designated as unrestricted subsidiaries. If we incur additional debt above the levels in effect, the risks associated with our substantial leverage would increase.

Our ability to generate the significant amount of cash needed to pay interest and principal on the notes and service our other debt and financial obligations and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.

Our ability to make payments on and refinance our debt, including the notes, amounts borrowed under our senior secured credit facilities and other financial obligations, and to fund our operations will depend on our ability to generate substantial operating cash flow. Although we have not experienced insufficient cash flows in the past, we may not be able to generate sufficient cash flows in the future to service our debt and other financial obligations. Our cash flow generation will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors, many of which are beyond our control.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our senior secured credit facilities or otherwise in amounts sufficient to enable us to service our indebtedness, including the notes and borrowings under our senior secured credit facilities or to fund our other liquidity needs. If we cannot service our debt, we will have to take actions such as reducing or delaying capital investments, selling assets, restructuring or refinancing our debt or seeking additional equity capital. Any of these remedies may not, if necessary, be effected on commercially reasonable terms, or at all. Also, the indenture governing the notes and the credit agreement for our senior secured credit facilities may restrict us from adopting any of these alternatives. In addition, the customer funds held by us in trust or otherwise, which are reflected as assets on our balance sheet, may not be legally available to service our indebtedness and fund our other liquidity needs. Because of these and other factors beyond our control, we may be unable to pay the principal, premium, if any, interest or other amounts on the notes.

The notes are effectively subordinated to our secured indebtedness.

The indenture governing the notes permits us to incur certain secured indebtedness, including indebtedness under our senior secured credit facilities. Indebtedness under our senior secured credit facilities is secured by a lien on substantially all of our assets, including pledges of all or a portion of the capital stock of our subsidiaries. The notes are unsecured and are, therefore, effectively subordinated to our secured indebtedness, to the extent of the value of the collateral securing such indebtedness. Accordingly, if we or a subsidiary guarantor are involved in a bankruptcy, liquidation, dissolution, reorganization or similar proceeding or upon a default in payment on, or the acceleration of, any indebtedness under our senior secured credit facilities or our other secured indebtedness, our assets and those of the subsidiary guarantors that secure indebtedness will be available to pay obligations on the notes only after all indebtedness under our senior secured credit facilities or other secured indebtedness have been paid in full from those assets. We may not have sufficient assets remaining to pay amounts due on any or all of the

notes then outstanding. As of September 30, 2008, we had secured indebtedness of $2,450.0 million ($200.0 million of which we subsequently repaid) under our senior secured credit facilities, and $1.9 million of capital lease obligations. As of December 12, 2008, we had approximately $300.0 million of additional borrowing capacity under our senior credit facility, all of which would be secured.

The notes are structurally subordinated to the liabilities of our subsidiaries that do not guarantee the notes. Your right to receive payments on the notes could be adversely affected if any of our non-guarantor subsidiaries or less than wholly-owned subsidiaries declare bankruptcy, liquidate or reorganize.

Not all of our subsidiaries guarantee the notes. As a result, the notes are also structurally subordinated to all existing and future obligations, including indebtedness, of our subsidiaries that do not guarantee the notes, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade and other creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us and in turn to our creditors.

For the year ended December 31, 2007 and the nine months ended September 30, 2008, the non-guarantor subsidiaries accounted for approximately $314.7 million and $250.3 million of our total revenue, respectively. As of September 30, 2008, the non-guarantor subsidiaries accounted for approximately $2,080.7 million, or 22%, of our total assets, and approximately $1,446.8 million, or 17.9%, of our total liabilities.

If a bankruptcy petition were filed by or against us, you may receive a lesser amount for your claim than you would be entitled to receive under the indenture governing the notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

- the original issue price for the notes; and

- that portion of the original issue discount that does not constitute un-matured interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute un-matured interest. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to under the terms of the indenture governing the notes, even if sufficient funds are available.

Restrictive covenants in the senior secured credit facilities and the indenture may restrict our ability to pursue our business strategies.

Our senior secured credit facilities and the indenture governing the notes offered hereby contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests. These agreements governing our indebtedness include covenants restricting, among other things, our ability to:

- incur or guarantee additional debt or issue certain preferred stock;

- pay dividends or make distributions on our capital stock or redeem, repurchase or retire our capital stock, subordinated debt and certain other debt;

- make certain investments;

- create liens on our or our subsidiary guarantors assets to secure debt;

- create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries that are not guarantors of the notes;
- make capital expenditures;
- enter into transactions with affiliates;
- merge or consolidate with another person or sell or otherwise dispose of all or substantially all of our assets;
- sell assets, including capital stock of our subsidiaries;
- alter the business that we conduct; and
- designate our subsidiaries as unrestricted subsidiaries.

If we fail to make any required payment under our senior secured credit facilities or to comply with any of the covenants included in the senior secured credit facilities, we will be in default. Lenders under such facilities could then vote to accelerate the maturity of the indebtedness and foreclose upon our and our subsidiaries assets securing such indebtedness. Other creditors might then accelerate other indebtedness. If any of our creditors accelerate the maturity of their indebtedness, we may not have sufficient assets to satisfy our obligations under the senior secured credit facilities or our other indebtedness, including the notes offered hereby. In addition, a default under the indenture governing the notes would cause a default under the senior secured credit facilities, and the acceleration of debt under the senior secured credit facilities or the failure to pay that debt when due would cause a default under the indenture governing the notes (assuming the amount of that debt is in excess of $50.0 million). The lenders under our senior secured credit facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Further, following an event of default under our senior secured credit facilities, the lenders under such facilities will have the right to proceed against the collateral granted to them to secure that debt. If the debt under our senior secured credit facilities or the notes offered hereby were to be accelerated, our assets may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration.

Notwithstanding the restrictions on our ability to pay dividends, redeem or purchase capital stock and make certain other restricted payments, the indenture governing the notes allows us to make significant restricted payments in certain circumstances. See Description of the Notes Certain Covenants Limitation on Restricted Payments and Covenant Suspension.

We may not be able to fulfill our repurchase obligations in the event of a change of control.

Upon the occurrence of any change of control, we will be required to make a change of control offer to repurchase the notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. Any change of control also would constitute a default under our senior secured credit facilities. Therefore, upon the occurrence of a change of control, the lenders under our senior secured credit facilities would have the right to accelerate their loans, and if so accelerated, we would be required to repay all of our outstanding obligations under our senior secured credit facilities. Also, our senior secured credit facilities generally prohibit us from purchasing any notes if we do not repay all borrowings under such facilities first or obtain the consent of the lenders under such facilities. Accordingly, unless we first repay all such borrowings or obtain the consent of such lenders, we will be prohibited from purchasing the notes upon a change of control.

In addition, if a change of control occurs, there can be no assurance that we will have available funds sufficient to pay the change of control purchase price for any of the notes that might be delivered by holders of the notes seeking to accept the change of control offer and, accordingly, none of the holders of the notes may receive the change of control purchase price for their notes. Our failure to make the change of control offer or to pay the change of control purchase price with respect to the notes when due would result in a default under the indenture governing the notes. See Description of the Notes Events of Default and Remedies.

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Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- intended to hinder, delay or defraud creditors; or
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and
- was insolvent or rendered insolvent by reason of such incurrence; or
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the then fair saleable value of all of its assets; or
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We believe that each guarantor, after giving effect to its guarantee of each series of notes, was not insolvent, did not have unreasonably small capital for the business in which it is engaged and did not have incurred debts beyond its ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our or any guarantor s conclusions in this regard.

You will be required to pay U.S. federal income tax on the senior toggle notes even if we do not pay cash interest.

None of the interest payments on the Senior Toggle Notes will be qualified stated interest for U.S. federal income tax purposes, even if we never exercise the option to pay PIK interest, because the Senior Toggle Notes provide us with the option to pay cash interest or PIK interest for any interest payment period through November 15, 2011. Consequently, the Senior Toggle Notes will be treated as issued with original issue discount (OID) for U.S. federal income tax purposes, and U.S. holders will be required to include the OID in gross income on a constant yield to maturity basis, regardless of whether interest is paid currently in cash and regardless of their regular method of tax accounting.

We will only be entitled to deduct a portion of any interest or OID on the Senior Toggle Notes for U.S. federal income tax purposes, and only at such time as such interest or OID is considered paid in cash.

The Senior Toggle Notes constitute applicable high yield discount obligations for U.S. federal income tax purposes. As such, any interest deductions with respect to any OID relating to the Senior Toggle Notes will be deferred until paid in cash, and will be disallowed to the extent the yield to maturity on the Senior Toggle Notes

exceeds six percentage points over the applicable federal rate (as determined under the Internal Revenue Code) in effect for the calendar month in which the Senior Toggle Notes were issued. The deferral and disallowance of deductions for payments of interest or OID on the Senior Toggle Notes will reduce the amount of cash available to us to meet our obligations under the notes.

Risks Relating to the Exchange Offers

Your Restricted Notes will not be accepted for exchange if you fail to follow the exchange offers procedures.

We will not accept your Restricted Notes for exchange if you do not follow the exchange offers procedures. We will issue Exchange Notes as part of the exchange offers only after a timely receipt of your Restricted Notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you wish to tender your Restricted Notes, please allow sufficient time to ensure timely delivery. If we do not receive your Restricted Notes, letter of transmittal and other required documents by the time of expiration of the exchange offers, we will not accept your Restricted Notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of Restricted Notes for exchange. If there are defects or irregularities with respect to your tender of Restricted Notes, we will not accept your Restricted Notes for exchange.

If you do not exchange your Restricted Notes, there will be restrictions on your ability to resell your Restricted Notes.

Following the exchange offers, Restricted Notes that you do not tender or that we do not accept will be subject to transfer restrictions. Absent registration, any untendered Restricted Notes may therefore be offered or sold only in transactions that are not subject to, or that are exempt from, the registration requirements of the Securities Act and applicable state securities laws.

An active trading market may not develop for these notes.

Each series of Exchange Notes are new issue of securities, and there is no established trading market for the Exchange Notes. We do not intend to apply to list the notes for trading on any securities exchange or to arrange for quotation on any automated dealer quotation system. As a result of this and the other factors listed below, an active trading market for the Exchange Notes may not develop, in which case the market price and liquidity of the Exchange Notes may be adversely affected.

In addition, you may not be able to sell your Exchange Notes at a particular time or at a price favorable to you. Future trading prices of the Exchange Notes will depend on many factors, including:

- our operating performance and financial condition;
- our prospects or the prospects for companies in our industry generally;
- our ability to complete the exchange offers;
- the interest of securities dealers in making a market in the notes;
- the market for similar securities;
- prevailing interest rates; and
- the other factors described in this prospectus under Risk Factors.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the Exchange Notes will be subject to disruptions. A disruption may have a negative effect on you as a holder of the Exchange Notes, regardless of our prospects or performance.

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Risks Relating to our Business and our Industry

Our ability to implement and execute our strategic plans may not be successful and, accordingly, we may not be successful in achieving our strategic goals, which may adversely affect our business.

We may not be successful in developing and implementing our strategic plans for our businesses or the operational plans that have been or need to be developed to implement the strategic plans. If the development or implementation of such plans are not successful, we may not produce the revenue, margins, earnings or synergies that we need to be successful. In addition, these strategic plans and operational plans need to continue to be assessed and reassessed to meet the challenges and needs of our businesses in order for us to remain competitive. Further, the execution of the strategic plans will, to some extent, be dependent on external factors that we cannot control.

We may not realize the anticipated cost savings related to our operating improvement plan pursuant to the anticipated timetable or at all, which could adversely affect our financial condition. We also cannot assure you that we will not exceed one-time costs associated with implementing our cost savings initiatives.

We have specific initiatives underway to improve margins, including in our U.S. HRS business. The operating improvement plan consists of several initiatives to significantly improve results including workforce reduction, consolidation of facilities, improving sourcing capabilities, streamlined technology spending and business process improvements. The success of our operating improvement plan will depend on our ability to realize anticipated cost savings. In addition, we estimate that this cost savings plan will require us to incur approximately $50 million in one-time costs by the end of 2008. Our ability to successfully realize cost savings and the timing of any realization may be affected by a variety of factors including, without limitation, our ability to reduce our purchasing expenditures, consolidate and integrate our information technology infrastructure and otherwise execute our plan, retain personnel necessary to execute our plan, respond to negative customer or supplier reactions to our plan, extend our offshoring programs and reduce other SG&A expenses. The one-time costs associated with implementing our operating improvement plan may exceed the anticipated amounts. We may not achieve the anticipated cost savings, and we may not achieve the cost savings within the time we currently expect, which could adversely affect our financial condition.

We may also face delays or difficulties in implementing product, process and system improvements which could adversely affect the timing or effectiveness and margin improvement efforts in our business and our ability to successfully compete in the markets we serve.

In addition, the profitability of certain elements of our business can also vary from year-to-year due to either external or internal factors. We may not be able to improve the performance of the elements of the business that lose money or are less profitable than others. Further, each business and operating function requires substantial ongoing investment in maintaining and improving infrastructure and product solutions. We may not have sufficient financial resources to fund all of the desired or necessary investments, which could adversely affect our business.

Economic and governmental factors may adversely affect our business and operating results.

Economic conditions, trade, monetary and fiscal policies and governmental regulations may substantially change, with corresponding impacts on the industries that we serve. The following changing overall economic conditions could affect us:

- declining interest rates can result in a corresponding decrease in investment income from invested customer funds which are held pending remittance to taxing authorities, customer employees and other third parties;
- the devaluation or impairment of financial assets or the failure or inability of other entities to make payment to us under financial instruments could affect the value of our customer and corporate funds, negatively impact our liquidity position and result in a loss of existing customers or our ability to attract new customers;

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decreased employment levels, as well as slowed economic conditions, could negatively affect wage and bonus payments, orders and the timing of product installations, and negatively impact the operating results of our HRS business;

falling fuel prices negatively impacting Comdata s revenue and rising fuel prices increase the working capital requirements and subject Comdata to greater credit or bad debt risks with respect to its customers that purchase fuel using a Comdata payment method; and

the level of activity in the transportation and retail industries impacting the respective revenues of Comdata and SVS.

In particular, the current lower interest rates have caused a decrease in our revenue from interest on customer funds held in trust. Also, the Reserve Primary Fund, a formerly triple-A rated money market fund in which we invested customer and corporate funds, has delayed distributions pending its liquidation. As of December 12, 2008, $141.8 million of customer funds and $21.2 million of our corporate funds remained invested in the fund. We cannot assure you when we will recover the remaining portion of our invested funds or the exact amount we will ultimately recover. See Management s Discussion and Analysis of Financial Condition and Results of Operations Balance Sheets for discussion regarding the Reserve Fund.

Changes in or the elimination of governmental regulations may adversely affect our revenue and earnings and the way in which we conduct our business. Changes in governmental regulations are difficult to predict and could be significant. For example, the timing and amount of remittances associated with the investment of customer funds, a reduction in the period of time we are allowed to hold remittances as well as the amount of such remittances, may decrease our revenue and earnings. As another example, the extent and type of benefits that employers are required to or may choose to provide to employees and/or the amount and type of federal or state taxes employers and employees are required to pay will affect the revenue and earnings associated with the products or services that we may sell. As a third example, Comdata is currently licensed on the state level by the banking or financial institutions departments of numerous states. Continued licensing by these states is subject to ongoing satisfaction of compliance requirements regarding safety and soundness. Changes in this regulatory environment, including the implementation of new or varying measures by the government, may significantly affect or change the manner in which we currently conduct some of the aspects of our business. Regulatory changes may also restrict or eliminate present and future business opportunities available to us.

If we are unable to respond to changing economic factors and timely and appropriately comply with existing or changed government regulations, there may be an adverse affect on our financial results and we may be subject to injunctions, other sanctions and the payment of fines and penalties.

Our results of operations could be adversely affected if we fail to retain our existing customers, sell additional products and services to our existing customers, introduce new or enhanced products and services and attract and retain new customers.

Our revenue and revenue growth are dependent on our ability to retain customers, sell them additional products and services, introduce new products and services and attract new customers in each of our businesses. Our ability to increase revenue will depend on a variety of factors, including:

customer willingness to accept any price increases;

the quality and perceived value of our product and service offerings by existing and new customers;

effective sales and marketing efforts;

our speed to market and avoidance of difficulties or delays in development of new products and services;

the level of market acceptance of new products and services;

actions or reactions of our competitors;

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our ability to integrate technology into our products and services to avoid obsolescence and provide scalability;

the successful implementation of products and services for new and existing customers;

the regulatory needs and requirements facing us and our customers; and

our ability to meet increased customer regulatory requirements, including our customers that are governmental agencies or entities.
Our inability to retain existing customers, sell additional products and services, or successfully develop and implement new and enhanced products and services and attract new customers and, accordingly, increase our revenues could adversely affect our future results of operations.

Our strategy to make acquisitions of and investments in complementary businesses, products and technologies may not be successful and involves risks that could adversely affect our business and operating results.

One of our growth strategies is to make acquisitions of and investments in complementary businesses, products and technologies that will enable us to add products and services for our core customer base and for adjacent markets, and to expand each of our businesses geographically. Our ability to make these acquisitions and investments will depend on a number of factors, many of which are outside our control, including:

the availability of suitable acquisition candidates and investments at acceptable costs;

complete financial information to make informed investment decisions;

our ability to compete effectively for these acquisition candidates and investments;

the availability of capital to complete these acquisitions and investments; and

the proper allocation of resources to value, negotiate, acquire and integrate the acquisition or investment into our business segments.
In addition, implementation of this strategy entails a number of other risks, including:

inaccurate assessment of undisclosed liabilities;

entry into markets in which we may have limited or no experience;

potential loss of key employees or customers of the acquired businesses;

difficulties in assimilating the operations and products of an acquired business or in realizing projected efficiencies and cost savings;

reallocation of significant amounts of capital from operating initiatives to acquisitions; and

incur and increase indebtedness and a limitation in our ability to incur and access additional capital when needed.

In addition, from an accounting perspective, most acquisitions and investments involve periodic assessments of the recoverable value of goodwill and other intangible assets. Such assessments could result in an impairment of the goodwill or other intangible assets recorded which may have an adverse impact on our financial condition or operating results.

These risks could be heightened if we complete several acquisitions or investments within a relatively short period of time. The benefits of an acquisition or investment may often take considerable time to be realized, or may never be realized, and we cannot guarantee that any acquisition or investment will in fact produce the revenue, earnings or business synergies that we anticipated at the time of the transaction.

Any breach of our IT security or loss of customer data could adversely affect our businesses.

Any security breach in our business processes and/or systems has the potential to impact our customer information and our financial reporting capabilities which could result in the potential loss of business and our ability to accurately report financial results. In addition, any issue of data privacy as it relates to unauthorized access to or loss of customer and/or employee information could result in the potential loss of business, damage to our market reputation, litigation and regulatory investigation and penalties. We cannot assure you that our continued investment in the security of our IT systems, continued efforts to improve the controls within our IT systems, business processes improvements, and the enhancements to our culture of information security will prevent attempts to breach our security or unauthorized access to confidential, sensitive or proprietary information. If our security is breached or confidential information accessed, our business and operating results could be adversely affected.

Our success will depend on our ability to protect our intellectual property rights.

The success of our business will depend, in part, on:

- preserving our trade secrets and maintaining the security of our know-how and data; and
- operating without infringing upon patents and proprietary rights held by third parties.

Failure to protect, monitor and control the use of our intellectual property rights could cause us to lose a competitive advantage and incur significant expenses. We rely on a combination of contractual provisions, confidentiality procedures and copyright, trademark, service mark and trade secret laws to protect the proprietary aspects of our brands, technology, data and estimates. These legal measures afford only limited protection, and competitors or others may gain access to our intellectual property and proprietary information. Our trade secrets, data and know-how could be subject to unauthorized use, misappropriation, or disclosure, despite having required our employees, consultants, customers, and collaborators to enter into confidentiality agreements. Our trademarks could be challenged, forcing us to re-brand our products or services, resulting in loss of brand recognition and requiring us to devote resources to advertising and marketing new brands. Furthermore, litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets and to determine the validity and scope of our proprietary rights.

There can be no assurance that the intellectual property laws and other statutory and contractual arrangements we currently depend upon will provide sufficient protection in the future to prevent the infringement, use or misappropriation of our trademarks, data, technology and other products and services. In addition, the growing need for global data, along with increased competition and technological advances, puts increasing pressure on us to share our intellectual property for client applications. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available. Any future litigation, regardless of outcome, could result in substantial expense and diversion of resources with no assurance of success and could adversely affect our business, results of operation and financial condition.

Our systems may be subject to disruptions that could adversely affect our business and reputation.

Our business is dependent on our payroll, transaction, financial, accounting and other data processing systems. We rely on these systems to process, on a daily basis, a large number of complicated transactions. If any of these systems fail to operate properly or become disabled even for a brief period of time we could potentially lose control of customer data and we could suffer financial loss, a disruption of our businesses, liability to clients, regulatory intervention or damage to our reputation. In addition, in the event of a catastrophic occurrence, either natural or man-made, our ability to protect our infrastructure, including client data, and maintain ongoing operations could be significantly impaired. We cannot assure you that our business continuity and disaster recovery plans and strategies will be successful in mitigating the effects of a catastrophic occurrence. We could potentially lose control of customer and other data and may experience significant interruptions of our operations and service to our customers.

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The failure of our HRS business to comply with applicable laws could result in substantial taxes, penalties and liabilities that could adversely affect our business.

We are subject to various laws and regulations, and our failure to comply with such laws and regulations could adversely affect our business. For example, our HRS customers remit employer and employee tax funds to our HRS businesses. Our HRS business processes the data received from its customers and remits the funds along with a tax return to the appropriate taxing authorities when due. Under various service agreements with its customers, our HRS business assumes financial responsibility for the payment of the taxes, penalties and liabilities assessed against its customers arising out of the failure of our HRS business to fulfill its obligations under its agreements with these customers, unless these taxes, penalties or liabilities are attributable to the customer s failure to comply with the terms of the agreement the customer has with our HRS business. These taxes, penalties and liabilities could, in some cases, be substantial and could adversely affect its business and operating results. Additionally, the failure of our HRS business to fulfill its obligations under its customer agreements could adversely affect our reputation, its relationship with our customers and its ability to gain new customers. In addition, mistakes may occur in connection with this service. Our HRS business and its customers may be subject to penalties imposed by tax authorities for late filings or underpayment of taxes.

As a result of the services our Benefits operating unit provides, it may be subject to potential legal liability as a provider of portability compliance services. As a provider of COBRA (Consolidated Omnibus Budget Reconciliation Act) compliance services, our Benefits operating unit is subject to excise taxes and penalties for noncompliance with provisions of COBRA. In addition to the excise tax and penalty liabilities that may be imposed on our Benefits operating unit, substantial excise taxes and penalties may be imposed under COBRA on our customers. In addition, as a provider of HIPAA (Health Insurance Portability and Accountability Act of 1996) compliance and administration services, our benefit services subsidiary may be subject to ERISA (Employee Retirement Income Security Act of 1974) penalties for noncompliance with various provisions of HIPAA.

As a result of work-life and employee assistance programs currently provided to the Federal Government, we are required to comply with applicable Federal contracting regulations. Non-compliance with required reporting and performance activities subjects us to penalties and legal liabilities imposed by regulatory authorities.

Litigation and governmental inquiries, investigations and proceedings may adversely affect our financial results.

We may be adversely affected by adverse judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings now pending or that may be instituted in the future, or from investigations by the Commission and other administrative agencies. From time to time, we have had inquiries from regulatory bodies relating to the operation of our business. It has been our practice to cooperate with such inquiries. Such inquiries may result in various audits, reviews and investigations. An adverse outcome of any investigation by the Commission or other inquiries from regulatory bodies could have a material adverse effect on us and result in:

- the institution of administrative or civil proceedings;
- sanctions and the payment of fines and penalties;
- changes in personnel; and
- increased review and scrutiny of us by our customers, regulatory authorities, the media and others.

We are also subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, intellectual property disputes, government audits and proceedings, customer disputes and tort claims. Responding to such claims may be difficult and expensive, and we may not prevail. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part. There can be no certainty

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that we may not ultimately incur charges in excess of presently or established future financial accruals or insurance coverage, or that we would prevail. Whether we prevail or not, such litigation may have a material adverse effect on our business, operating results and financial condition. See Business Legal Proceedings.

Our success is dependent on the retention and acquisition of talented people and the skills and abilities of our management team and key personnel.

Our business depends on the efforts, abilities and expertise of our senior executives. These individuals are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel and identifying business opportunities. The loss of one or more of these key individuals could impair our business and development until qualified replacements are found. We cannot assure you that these individuals could quickly be replaced with persons of equal experience and capabilities. Although we have employment agreements with certain of these individuals, we cannot prevent them from terminating their employment with us.

We must continue to attract, hire, train, develop and retain talented people to fill the key roles within the organization. We must provide challenging roles, with accountability and commensurate rewards, to attract and retain the appropriate individuals to the organization. If we are unable to attract and retain talented employees who work effectively as members of teams, it could have a material adverse effect on our business, operating results and financial condition.

Our ability to remain competitive depends on our speed to market with new or enhanced technology.

As a provider of information management and data processing services, we need to rapidly adapt and respond to the technological advances offered by our competitors and the technological requirements of our customers in order to maintain or improve upon our competitive position. There can be no assurance that we will develop and release new products and services or product and service enhancements within the required time frames and within targeted costs. Significant delays, difficulties or added costs in introducing new products and services or enhancements, either through internal development, acquisitions or cooperative relationships with other companies, could adversely affect the market acceptance of our products and services and our operating results.

The markets we serve are highly competitive and may attract new competitors or cause current competitors to focus more on these markets, which could adversely affect our business.

The markets for our businesses are highly competitive. We face a variety of competitors, and some of our competitors have substantially greater financial resources than us. In addition, new competitors could decide to enter the markets we serve or current competitors could decide to focus greater resources on these markets, which could intensify the highly competitive conditions that already exist. These new entrants and existing competitors could offer or introduce new technologies or a different service model, or could treat the services to be provided by one of our businesses as one component of a larger product or service offering. These developments could enable these new and existing competitors to offer similar products or services at reduced prices and/or increased service levels. Any of these or similar developments could adversely affect our business and results of operations.

Our U.S. HRS business is subject to the risks associated with contracting with the government.

Our U.S. HRS business provides certain services to various government agencies or parties, and, therefore, is exposed to risks associated with government contracting which could have a material adverse effect on our business.

Although we generally seek multi-year contracts from the government, funds are generally appropriated on a fiscal year basis even though the contract may continue for several years. Consequently, government contracts are often only partially funded initially and additional funds are committed only with further appropriations. The termination of funding for a particular government contract would result in a loss of anticipated future revenue attributable to that program which could have a negative impact on our operations.

Generally, government contracts contain provisions permitting the government to terminate the contract at its convenience, in whole or in part, without prior notice, and to provide for payment of compensation only for work done and commitments made at the time of termination. Though terminations for convenience are rarely issued, we cannot guarantee that any of our government contracts will not be terminated under these circumstances.

As a result of contracting with the government, we may be subject to audits, cost reviews and investigations by contracting oversight agencies. During the course of an audit, the oversight agency may disallow costs. Such cost disallowances may result in adjustments to previously reported revenue. In addition, our failure to comply with the terms of one or more of our government contracts, other government agreements, or government regulations and statutes could result in our being suspended or barred from future government projects for a significant period of time and possible civil or criminal fines and penalties and the risk of public scrutiny of our performance which could have a material adverse effect on our business.

We generally obtain government contracts through a competitive bidding process. We cannot provide assurance that we will win competitively awarded contracts or that such contracts will be profitable. In addition, if we fail to obtain a renewal or follow-on contract as to a particular government contract, there could be an adverse effect on our business. We currently provide customized work-life and non-medical counseling services to U.S. Armed Services personnel under a contract with the U.S. Department of Defense (USDOD) that expires March 31, 2009. This existing contract may be extended by the USDOD, at its sole option, for an additional three month period ending June 30, 2009 and a second additional three month period ending September 30, 2009. This contract succeeds a replacement contract and series of renewals to our original contract with the USDOD that expired in early 2006. On December 8, 2008, the USDOD issued its most recent modification to a request for proposals, or RFP, originally issued in August 2008 for a new contract for services which would commence following the expiration of the existing agreement. We expect to complete our response to the modified RFP by the February 4, 2009 deadline presently set by the USDOD. There can be no assurance that we will be successful in obtaining the award of a new contract or, if successful, that the new contract would be awarded on economic and other terms as favorable as those under which we presently provide such services. Failure to retain this business upon substantially similar terms as presently exist could have a significant impact on the revenues of our LifeWorks operating unit.

Furthermore, government contracts may be subject to protest or challenge by unsuccessful bidders or to termination, reduction or modification in the event of changes in government requirements, reductions in federal spending or other factors beyond our control.

We are subject to risks related to our international operations, which may adversely affect our operating results.

Approximately 27.3% of HRS revenue in 2007 was obtained from our international operations. Our Ceridian Canada operations provide certain HRS services for our Canadian customers, and our Ceridian UK subsidiary primarily provides certain HRS services in the United Kingdom. We are beginning to expand our international HRS business into other countries by engaging a partner within a country to provide us with payroll administration and processing services for that country. Comdata also has operations in Canada, and is expanding its transportation businesses internationally. SVS is also expanding its business internationally. Approximately 5% of SVS and approximately 2% of Comdata s revenues in 2007 were derived from customers outside of the United States. As such, our international operations are subject to risks that could adversely affect those operations or our business as a whole, including:

- costs of customizing products and services for foreign customers;
- difficulties in managing and staffing international operations;
- difficulties with or inability to engage global partners;

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- reduced protection for intellectual property and other legal rights in some countries;
- longer sales and payment cycles;
- the burdens of complying with a wide variety of foreign laws;
- exposure to legal jurisdictions that may not recognize or interpret customer contracts in predictable ways;
- exposure to local economic and political conditions; and
- unfavorable currency exchange rates.

In addition, we anticipate that customers and potential customers may increasingly require and demand that a single vendor provide HRS solutions and services for their employees in a number of countries. If we are unable to provide the required services on a multinational basis, there may be a negative impact on our new orders and customer retention, which would negatively impact revenue and earnings. Although we have a multinational strategy, substantial additional investment and efforts may be necessary to implement such strategy.

Our business and results of operations are dependent on several vendors, suppliers and other third-parties, the loss of whom could adversely affect our consolidated results of operations.

Our business is dependent on several vendors, suppliers and other third-parties, the loss of whom could adversely affect our consolidated results of operations. In particular, Comdata s current business relies upon its relationships with suppliers and other third-parties, such as MasterCard, to effect and support transactions, including access to the Cirrus ATM network, the Maestro point-of-sale debit network and MasterCard s credit network. The ability of Comdata to continue to provide some of its services in the manner in which it currently delivers them may be affected by actions taken by suppliers and other third-parties, including MasterCard. Any adverse change in Comdata s relationship with these parties or Comdata s inability to timely and effectively establish alternatives to these relationships could likely adversely affect Comdata s business and results of operations and could adversely affect our consolidated results of operations as well.

We are controlled by the Sponsors, whose interests may not be aligned with ours or yours.

We are controlled by the Sponsors, which have the power to control our affairs and policies, including entering into mergers, sales of substantially all of our assets and other extraordinary transactions as well as decisions to issue shares, declare dividends, pay advisory fees and make other decisions. The interests of the Sponsors as our equity holders could conflict with your interests as a holder of our debt in material respects. Furthermore, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us, as well as businesses that represent major customers of our businesses. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as the Sponsors continue to own a significant amount of our outstanding capital stock, they will continue to be able to strongly influence or effectively control our decisions.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approxima intends, plans, estimates, or anticipates or similar expressions that concern our strategy, plans or intentions. All statements we make relating to expected cost savings, margins growth, cash flows, capital expenditures, market and industry growth rates and trends (including trends towards outsourcing), product line and market expansion, market share, operational improvements (including head count, technological, customer service and business improvement initiatives), retention rates, demand for our products, litigation results, redemption of money market funds and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performances and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

Important factors that could cause actual results to differ materially from our expectations (cautionary statements) are disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements.

The matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. Accordingly, we caution you against relying on forward-looking statements. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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THE EXCHANGE OFFERS

Purpose and Effect

We issued the Restricted Notes on November 9, 2007 in a transaction exempt from registration under the Securities Act. In connection with the original issuance, we entered into an indenture and a registration rights agreement. The registration rights agreement requires that we file a registration statement under the Securities Act with respect to the Exchange Notes to be issued in the exchange offers and, upon the effectiveness of the registration statement, offer you the opportunity to exchange your Restricted Notes for a like principal amount of Exchange Notes. Except as set forth below, these Exchange Notes will be issued without a restrictive legend and, we believe, may be reoffered and resold by you without registration under the Securities Act. After we complete the exchange offers, our obligations with respect to the registration of the Restricted Notes and the Exchange Notes will terminate. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part. Notwithstanding anything to the contrary set forth in this prospectus, the exchange offers are not being made to you, and you may not participate in the exchange offers, if (a) you are our affiliate within the meaning of Rule 405 of the Securities Act or (b) you are a broker-dealer that acquired Restricted Notes directly from us.

Based on interpretations by the staff of the Commission set forth in no-action letters issued to third parties unrelated to us, we believe that the Exchange Notes to be issued to you in the exchange offers may be offered for resale, resold and otherwise transferred by you, without compliance with the registration and prospectus delivery provisions of the Securities Act, unless you are a broker-dealer that receives Exchange Notes in exchange for Restricted Notes acquired by you as a result of market-making activities or other trading activities. This interpretation, however, is based on your representation to us that:

- the Exchange Notes to be issued to you in the exchange offers are acquired in the ordinary course of your business;
- at the time of the commencement of the exchange offers you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offers in violation of the Securities Act;
- you are not an affiliate (as defined in Rule 405 promulgated under the Securities Act) of us;
- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offers;
- you are not acting on behalf of any persons or entities who could not truthfully make the foregoing representations.

If you have any of the disqualifications described above or cannot make each of the representations set forth above, you may not rely on the interpretations by the staff of the Commission referred to above. Under those circumstances, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a sale, transfer or other disposition of any notes unless you are able to utilize an applicable exemption from all of those requirements. In addition, each broker-dealer that receives Exchange Notes in the exchange offers for its own account in exchange for Restricted Notes that were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of those Exchange Notes. See Plan of Distribution.

If you will not receive freely tradable Exchange Notes in the exchange offers or are not eligible to participate in the exchange offers and the Restricted Notes held by you constitute Registrable Securities (as

defined in the registrations rights agreement), you may elect to have your Restricted Notes registered in a shelf registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. If we are obligated to file a shelf registration statement, we will be required to keep the shelf registration statement effective for a period of two years or such shorter period that will terminate when all of the notes covered by the shelf registration statement (a) have been sold pursuant to the shelf registration statement or (b) can be sold pursuant to Rule 144 under the Securities Act without any volume or manner of sale limitations thereunder. Other than as set forth in this paragraph, you will not have the right to require us to register your Restricted Notes under the Securities Act. See Procedures for Tendering Restricted Notes below.

Terms of the Exchange Offers

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all Restricted Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue $1,000 principal amount of Exchange Notes in exchange for each $1,000 principal amount of Restricted Notes accepted in the exchange offers. You may tender some or all of your Restricted Notes pursuant to the exchange offers. However, Restricted Notes may be tendered only in integral multiples of $1,000 principal amount.

The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the Exchange Notes to be issued in the exchange offers have been registered under the Securities Act and will not bear legends restricting their transfer. The Exchange Notes will be issued pursuant to, and entitled to the benefits of, the indenture. The indenture also governs the Restricted Notes. Each series of Exchange Notes and Restricted Notes will be deemed a single issue of the respective series of notes under the indenture.

As of the date of this prospectus, $825,000,000 aggregate principal amount of 11 1/4% Senior Notes due 2015 are outstanding and $475,000,000 aggregate principal amount of 12 1/4%/13% Senior Toggle Notes due 2015 are outstanding. This prospectus, together with the letter of transmittal, is being sent to all registered holders and to others believed to have beneficial interests in the Restricted Notes. We intend to conduct the exchange offers in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Commission promulgated under the Exchange Act.

We will be deemed to have accepted validly tendered Restricted Notes when, as, and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as our agent for the tendering holders for the purpose of receiving the Exchange Notes from us. Any Restricted Notes not accepted for exchange for any reason will be returned without expense to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offers.

You will not be required to pay brokerage commissions or fees or, except as set forth below under Transfer Taxes, transfer taxes with respect to the exchange of your Restricted Notes in the exchange offers. We will pay all charges and expenses, other than applicable taxes, in connection with the exchange offers. See Fees and Expenses below.

Expiration Date; Amendments

The exchange offers will expire at 5:00 p.m., New York City time, on , 2008 unless we determine, in our sole discretion, to extend the exchange offers, in which case, it will expire at the later date and time to which it is extended. We do not intend to extend the exchange offers, although we reserve the right to do so. If we extend or terminate the exchange offers, we will give oral or written notice of the extension to the exchange agent and give each registered holder notice by means of a press release or other public announcement of any extension prior to 9:00 a.m., New York City time, on the next business day after the scheduled expiration date. We will not extend the exchange offers past , 2008.

We also reserve the right, in our sole discretion,

(1) to delay accepting any Restricted Notes, to the extent in a manner compliant with Rule 14e-1(c) of the Exchange Act, in the event the exchange offers are extended,

(2) subject to applicable law and by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies, to extend the exchange offers or, if any of the conditions set forth below under Conditions have not been satisfied or waived, to terminate the exchange offers by giving oral or written notice of the delay or termination to the exchange agent, or

(3) to amend the terms of the exchange offers in any manner, by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies. If we make any material amendment to the terms of the exchange offers or waive any material condition, we will keep the exchange offers open for at least five business days after we notify you of such change or waiver. If we make a material change to the terms of the exchange offers, it may be necessary for us to provide you with an amendment to this prospectus reflecting that change. We may only delay, terminate or amend the offer prior to its expiration.

We acknowledge and undertake to comply with the provisions of Rule 14e-l(c) under the Exchange Act, which requires us to return the Restricted Notes surrendered for exchange promptly after the termination or withdrawal of the exchange offers. We will notify you as promptly as we can of any extension, termination or amendment.

Procedures for Tendering Restricted Notes

The Restricted Notes were issued as global notes in fully registered form without interest coupons. Beneficial interests in the global notes held by direct or indirect participants in DTC are shown on, and transfers of these interests are effected only through, records maintained in book-entry form by DTC with respect to its participants. You may only tender your Restricted Notes by book-entry transfer of the Restricted Notes into the exchange agent s account at DTC. The tender to us of Restricted Notes by you, as set forth below, and our acceptance of the Restricted Notes will constitute a binding agreement between us and you, upon the terms and subject to the conditions set forth in this prospectus. Except as set forth below, to tender Restricted Notes for exchange pursuant to the exchange offers, you must transmit to Wells Fargo Bank, National Association, as exchange agent, on or prior to the time of expiration either:

(1) a written or facsimile copy of a properly completed and duly executed letter of transmittal for your Restricted Notes, including all other documents required by the letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

(2) a computer-generated message transmitted by means of DTC s Automated Tender Offer Program system and received by the exchange agent and forming a part of a confirmation of book-entry transfer, in which you acknowledge and agree to be bound by the terms of the letter of transmittal for your notes.

In addition, the exchange agent must receive, on or prior to the expiration date:

(1) a timely confirmation of book-entry transfer (a book-entry confirmation) of the Restricted Notes into the exchange agent s account at DTC; or

(2) you must comply with the guaranteed delivery procedures described below.

If you are a beneficial owner whose Restricted Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC s book-entry transfer facility system may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent s account. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal for your Restricted Notes and delivering your Restricted Notes, either make appropriate arrangements to register ownership of the Restricted Notes in your name or obtain a

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properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless:

- Restricted Notes tendered in the exchange offers are tendered either
  - by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or
  - for the account of an eligible institution; and
- the box entitled Special Registration Instructions on the letter of transmittal has not been completed.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a financial institution, which includes most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person other than you, your Restricted Notes must be endorsed or accompanied by a properly completed bond power and signed by you as your name appears on those Restricted Notes.

If the letter of transmittal or any Restricted Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, in this instance you must submit with the letter of transmittal proper evidence satisfactory to us of their authority to act on your behalf.

We or the exchange agent, in our sole discretion, will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of Restricted Notes tendered for exchange. We reserve the absolute right to reject any and all tenders not properly tendered or to not accept any tender which acceptance might, in our judgment or our counsel s, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offers as to any individual tender before the expiration date (including the right to waive the ineligibility of any holder who seeks to tender Restricted Notes in the exchange offers). Our or the exchange agent s interpretation of the terms and conditions of the exchange offers as to any particular tender either before or after the expiration date will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Restricted Notes for exchange must be cured within a reasonable period of time, as we determine. We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of Restricted Notes for exchange, and no one will be liable for failing to provide such notification.

By tendering Restricted Notes, you represent to us that: (i) the Exchange Notes to be issued to you in the exchange offers are acquired in the ordinary course of your business; (ii) at the time of the commencement of the exchange offers you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued to you in the exchange offer in violation of the Securities Act; (iii) you are not our affiliate, as defined in Rule 405 of the Securities Act, (iv) you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the Exchange Offers; (v) if you are a purchasing broker-dealer, that you will receive the Exchange Notes for your own account in exchange for the Restricted Notes that were acquired by you as a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of such Exchange Notes and you are not acting on behalf of any persons or entities who could not truthfully make the foregoing representations. For further information regarding resales of the Exchange Notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.

If any holder or other person is an affiliate of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the Exchange Notes, that holder or other person cannot rely on the applicable interpretations of the staff of the SEC, may not tender its Restricted Notes in the exchange offers and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes, where the Restricted Notes were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. See Plan of Distribution.

Furthermore, any broker-dealer that acquired any of its Restricted Notes directly from us:

- may not rely on the applicable interpretation of the staff of the SEC s position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

- must also be named as a selling securityholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

By delivering an agent s message, a beneficial owner (whose Restricted Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee) or holder will be deemed to have irrevocably appointed the exchange agent as its agent and attorney-in-fact (with full knowledge that the exchange agent is also acting as an agent for us in connection with the exchange offers) with respect to the Restricted Notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest subject only to the right of withdrawal described in this prospectus), to receive for our account all benefits and otherwise exercise all rights of beneficial ownership of such Restricted Notes, in accordance with the terms and conditions of the exchange offers.

Each beneficial owner or holder will also be deemed to have represented and warranted to us that it has authority to tender, exchange, sell, assign and transfer the Restricted Notes it tenders and that, when the same are accepted for exchange, we will acquire good, marketable and unencumbered title to such Restricted Notes, free and clear of all liens, restrictions, charges and encumbrances, and that the Restricted Notes tendered are not subject to any adverse claims or proxies. Each beneficial owner and holder, by tendering its Restricted Notes, also agrees that it will comply with its obligations under the registration rights agreement.

Acceptance of Restricted Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offers, we will accept, promptly after the expiration date, all Restricted Notes properly tendered and will issue the Exchange Notes promptly after acceptance of the Restricted Notes. See Conditions to the Exchange Offers. For purposes of the exchange offers, we will be deemed to have accepted properly tendered Restricted Notes for exchange if and when we give oral (confirmed in writing) or written notice to the exchange agent.

The holder of each Restricted Note accepted for exchange will receive the applicable Exchange Note in the amount equal to the surrendered Restricted Note. Holders of Exchange Notes on the relevant record date for the first interest payment date following the consummation of the exchange offers will receive interest accruing from the most recent date to which interest has been paid on the Restricted Notes or, if no interest has been paid, from the issue date of the Restricted Notes. Holders of Exchange Notes will not receive any payment in respect of accrued interest on Restricted Notes otherwise payable on any interest payment date, the record date for which occurs on or after the consummation of the exchange offers.

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In all cases, issuance of Exchange Notes for Restricted Notes that are accepted for exchange will be made only after timely receipt by the exchange agent of an agent s message and a timely confirmation of book-entry transfer of the Restricted Notes into the exchange agent s account at DTC.

If any tendered Restricted Notes are not accepted for any reason set forth in the terms and conditions of the exchange offers or if Restricted Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Restricted Notes will be returned without expense to an account maintained with DTC promptly after the expiration or termination of the exchange offers.

Guaranteed Delivery Procedures

If you desire to tender your Restricted Notes and your Restricted Notes are not immediately available, time will not permit your Restricted Notes or other required documents to reach the exchange agent before the time of expiration or you cannot complete the procedure for book-entry on a timely basis, you may tender if:

- you tender through an eligible financial institution;
- on or prior to 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from an eligible institution, a written or facsimile copy of a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us; and
- a book-entry confirmation, and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

The notice of guaranteed delivery may be sent by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery must set forth:

- your name and address;
- the amount of Restricted Notes you are tendering; and
- a statement that your tender is being made by the notice of guaranteed delivery and that you guarantee that within three New York Stock Exchange trading days after the execution of the notice of guaranteed delivery, the eligible institution will deliver the following documents to the exchange agent:
  - a book-entry confirmation of tender;
  - a written or facsimile copy of the letter of transmittal, or a book-entry confirmation instead of the letter of transmittal; and
  - any other documents required by the letter of transmittal.

Book-Entry Transfers

The exchange agent will make a request to establish an account for the Restricted Notes at DTC for purposes of the exchange offers within two business days after the date of this prospectus. Any financial institution that is a participant in DTC s systems must make book-entry delivery of

Restricted Notes by causing DTC to transfer those Restricted Notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. This participant should transmit its acceptance to DTC on or prior to the expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered Restricted Notes into the exchange agent s account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The transmission of the Restricted Notes and agent s message to DTC and delivery by DTC to and receipt by the exchange agent of the related agent s message will be deemed to be a valid tender.

If one of the following situations occurs:

(1) you cannot deliver a book-entry confirmation of book-entry delivery of your book-entry interests into the relevant account of the exchange agent at DTC; or

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(2) you cannot deliver all other documents required by the letter of transmittal to the exchange agent prior to the time of expiration,

then you must tender your book-entry interests according to the guaranteed delivery procedures discussed above.

Withdrawal Rights

For a withdrawal of a tender of Restricted Notes to be effective, the exchange agent must receive a valid withdrawal request through the Automated Tender Offer Program system from the tendering DTC participant before the expiration date. Any such request for withdrawal must include the VOI number of the tender to be withdrawn and the name of the ultimate beneficial owner of the related Restricted Notes in order that such notes may be withdrawn. Properly withdrawn Restricted Notes may be re-tendered by following the procedures described under Procedures for Tendering Restricted Notes above at any time on or before 5:00 p.m., New York City time, on the expiration date.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any Restricted Notes so withdrawn will be deemed not to have been validly tendered for exchange. No Exchange Notes will be issued unless the Restricted Notes so withdrawn are validly re-tendered.

Conditions

Notwithstanding any other provision of the exchange offers and subject to our obligations under the registration rights agreement, we will not be required to accept for exchange, or to issue Exchange Notes in exchange for, any Restricted Notes and may terminate or amend the exchange offers, if at any time before the acceptance of any Restricted Notes for exchange any of the following events occur:

(1) the exchange offers violate applicable law or any applicable interpretation of the staff of the Commission;

(2) an action or proceeding has been instituted or threatened in any court or by any governmental agency that might materially impair our ability to proceed with the exchange offers and any material adverse development shall have occurred in any existing action or proceeding with respect to us; and

(3) all governmental approvals have not been obtained, which approvals we deem necessary for the consummation of the exchange offers;

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to them, subject to applicable law. We also may waive in whole or in part at any time and from time to time any particular condition in our sole discretion. If we waive a condition, we may be required in order to comply with applicable securities laws, to extend the expiration date of the exchange offers. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of these rights and these rights will be deemed ongoing rights that may be asserted at any time (in the case of any condition involving governmental approvals necessary to the consummation of the exchange offers) and from time to time prior to the time of expiration (in the case of all other conditions).

In addition, we will not accept for exchange any Restricted Notes tendered, and no Exchange Notes will be issued in exchange for any of those Restricted Notes, if at the time the notes are tendered any stop order is threatened by the Commission or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended.

The exchange offers are not conditioned on any minimum principal amount of Restricted Notes being tendered for exchange.

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Exchange Agent

We have appointed Wells Fargo Bank, National Association as exchange agent for the exchange offers. Questions, requests for assistance and requests for additional copies of the prospectus, letter of transmittal and other related documents should be directed to the exchange agent addressed as follows:

By Registered, Certified or Overnight Mail:

WELLS FARGO BANK, N.A.

Corporate Trust Operations

MAC N9303-121

PO Box 1517

Minneapolis, MN 55480

In Person by Hand Only:

WELLS FARGO BANK, N.A.

12th Floor-Northstar East Building

Corporate Trust Operations

608 Second Avenue South

Minneapolis, MN

By Facsimile (for Eligible Institutions only):

(612) 667-6282

For Information or Confirmation by Telephone:

(800) 344-5128

The exchange agent also acts as trustee under the indenture.

Fees and Expenses

The principal solicitation is being made through DTC by Wells Fargo Bank, National Association, as exchange agent. We will pay the exchange agent customary fees for its services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including registration and filing fees, fees and expenses of compliance with federal securities and state blue sky securities laws, printing expenses, messenger and delivery services and telephone, fees and disbursements to our counsel, application and filing fees and any fees and disbursement to our independent registered public accounting firm. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers. We will pay the estimated cash expenses to be incurred in connection with the exchange offers.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates officers and regular employees and by persons so engaged by the exchange agent.

Transfer Taxes

You will not be obligated to pay any transfer taxes in connection with the tender of Restricted Notes in the exchange offers unless you instruct us to register Exchange Notes in the name of, or request that Restricted Notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer tax.

Accounting Treatment

We will record the Exchange Notes at the same carrying value as the Restricted Notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes as the terms of the Exchange Notes are substantially identical to those of the Restricted Notes. The expenses of the exchange offers will be amortized over the terms of the Exchange Notes.

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Consequences of Failing to Exchange Restricted Notes

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offers, your Restricted Notes will continue to be subject to the provisions of the indenture regarding transfer and exchange of the Restricted Notes and the restrictions on transfer of the Restricted Notes imposed by the Securities Act and state securities law. These transfer restrictions are required because the Restricted Notes were issued under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Restricted Notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the Restricted Notes under the Securities Act.

If you do not exchange your Restricted Notes in the exchange offers, you will continue to be entitled to all the rights and limitations applicable to the Restricted Notes as set forth in the indenture, but we will not have any further obligation to you to provide for the exchange and registration of the Restricted Notes under the registration rights agreement other than as set forth above under Purpose and Effect. Therefore, the liquidity of the market for your Restricted Notes could be adversely affected upon completion of the exchange offers if you do not participate in the exchange offers.

Participating Broker-Dealers

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes, where such Restricted Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See Plan of Distribution.

USE OF PROCEEDS

The exchange offers are intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the exchange offers.

RATIO OF EARNINGS TO FIXED CHARGES

Predecessor					Successor	
Year Ended December 31,				Period from January 1 to	Period from November 10 to	Nine Months Ended
2003	2004	2005	2006	November 9, 2007	December 31, 2007	September 30, 2008
7.7x	2.8x	8.4x	12.0x	9.1x	N/A(1)	N/A(1)

For purposes of calculating the ratio of earnings to fixed charges, earnings represent earnings (loss) before income taxes, less capitalized interest, plus amortization of capitalized interest and fixed charges. Fixed charges represent interest expense (which includes amortization of deferred financing fees and debt discounts), capitalized interest and a portion of rental expense which we believe is representative of the interest component of rental expense.

(1) Earnings were inadequate to cover fixed charges for the successor period from November 10 to December 31, 2007, and for the nine months ended September 30, 2008, by $19.2 million and $89.3 million, respectively.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2008. You should read this table in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included elsewhere in this prospectus.

		As of September 30, 2008 (unaudited)
		(dollars in millions)
Current portion of long-term debt	$	219.0
Current portion of capital lease obligations		1.9
Long-term debt		
Senior secured credit facilities:		
Revolving credit facility[1]		
Term loan		2,233.1
Senior Notes		1,300.0
Total long-term debt		3,533.1
Total stockholders equity		1,392.9
Total capitalization	$	5,146.9

(1) Our senior secured credit facilities provide for a $300.0 million revolving credit facility, under which $200.0 million of debt was outstanding as of September 30, 2008. As of December 12, 2008, we had no amounts outstanding under our revolving credit facility and as of that date had approximately $300.0 million of additional borrowing capacity.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

The following unaudited pro forma condensed consolidated statement of operations have been developed by applying pro forma adjustments to the historical audited consolidated financial statements and unaudited condensed consolidated financial statements of Ceridian and subsidiaries appearing elsewhere in this prospectus. The unaudited pro forma condensed consolidated statement of operations give effect to the Transactions as if it they occurred on January 1, 2007. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed consolidated statement of operations.

The unaudited pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable under the circumstances. The unaudited pro forma condensed consolidated statement of operations is presented for informational purposes only. The unaudited pro forma condensed consolidated statement of operations does not purport to represent what our actual consolidated results of operations or the consolidated financial condition would have been had the Transactions actually occurred on the dates indicated, nor are they necessarily indicative of future consolidated results of operations or consolidated financial condition. The unaudited pro forma condensed consolidated statement of operations should be read in conjunction with the information contained in Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the audited consolidated financial statements and the unaudited condensed consolidated financial statements and the related notes thereto appearing elsewhere in this prospectus. All pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated statement of operations.

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Ceridian Corporation and Subsidiaries

Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Year Ended December 31, 2007

(dollars in millions)

	Historical			
	Period from January 1 to through November 9, 2007	Period from November 10, to December 31, 2007	Transaction Adjustments	Pro Forma
Revenue	$ 1,407.9	$ 237.0	$	$ 1,644.9
Cost of revenue	782.0	128.2		910.2
Selling, general and administrative	451.3	70.8	(16.0)[(a)]	524.7
			88.0[(b)]	
			4.1[(c)]	
			(27.2)[(d)]	
			(46.3)[(e)]	
Research and development	26.7	4.0		30.7
Loss (gain) on derivative instruments	2.0	(0.1)		1.9
Operating income	145.9	34.1	(2.6)	177.4
Other (income) expense, net	(9.7)	6.4		(3.3)
Interest income	(18.0)	(3.4)	19.0[(f)]	(2.4)
Interest expense	5.3	50.3	292.1[(g)]	347.7
Earnings (loss) before income taxes	$ 168.3	$ (19.2)	$ (313.7)	$ (164.6)

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Statement of Operations

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Ceridian Corporation and Subsidiaries

Notes to Unaudited Pro Forma Condensed Consolidated Statement of Operations

(dollars in millions)

(a) Represents the adjustment to SG&A expenses relating to our employee benefit plans for the impact of purchase accounting on our pension and other post-employment benefit expense. The adjustment primarily consists of the elimination of historical amortization of unrecognized actuarial losses and prior service costs. Such obligations have been recorded in purchase accounting in accordance with GAAP as determined by actuarial valuations. Additionally, for purposes of the pro forma statement of operations, we have applied the entire pro forma impact to SG&A expenses, whereas a portion of the adjustment likely relates to direct cost of revenue.

(b) Represents change in amortization based upon appraised estimates of fair values and useful lives of identified intangible assets.

(c) Reflects the adjustment to SG&A expense for the annual monitoring fee of $4.9 that we will pay to the Sponsors. Transaction adjustment reflects the annual monitoring fee less the $0.8 recorded from November 10, 2007 to December 31, 2007. See Certain Relationships and Related Party Transactions.

(d) Reflects the elimination of accelerated non-cash stock-compensation costs as a result of the Transactions.

(e) Reflects the elimination of transaction costs recognized in our historical operating results as a result of the Transactions.

(f) Reflects pro forma adjustment to interest income to reflect use of cash in connection with the Transactions. The adjustment assumes an opening cash balance of $50.0 and an interest rate or investment return comparable to the historical period. An opening cash balance of $50.0 represents our estimation of the minimum amount of cash-on-hand required to fund our working capital needs following the Transactions without additional borrowing. This amount was determined based on our and our subsidiaries , including Comdata s, historic variation in average weekly working capital cash flow, the amount typically required to fund one two-week payroll period and minimum operating bank cash balances. To the extent average cash balances are greater or less than $50.0 or the average interest rate or investment return differs from historical returns, pro forma interest income will differ from the amounts presented above.

(g) Reflects pro forma interest expense resulting from our new capital structure using applicable LIBOR rates as follows:

	Twelve Months Ended December 31, 2007
Notes and term loan facility[1]	$ 336.6
Revolving credit facility[2]	
Other[2]	2.0
Total cash interest expense	338.6
Amortization of capitalized debt issuance costs[3]	9.1

Total pro forma interest expense		347.7
Less: historical interest expense		(55.6)
Net adjustment to interest expense	$	292.1

(1) Reflects pro forma interest expense on the notes and term loan facility at an assumed weighted average interest rate of 9.48%.

(2) Pro forma interest expense assumes no outstanding balance on the $300.0 revolving credit facility. The other interest expense component represents commitment fees of 0.5% on the assumed $300.0 undrawn balance of the revolving credit facility and interest expense related to capital lease obligations.

(3) Represents debt issuance costs associated with the new bank facilities amortized over six years for the revolving facility, seven years for term loan facilities and eight years for the notes using the effective interest rate method.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data of Ceridian as of the dates and for the periods indicated. The selected historical financial data for, and as of, the years ended December 31, 2003, 2004, 2005, 2006 and 2007 are derived from the audited consolidated financial statements of Ceridian. The selected historical financial data for, and as of, the nine-month periods ended September 30, 2007 and September 30, 2008 are derived from the unaudited consolidated financial statements of Ceridian. In the opinion of management, the interim data reflects all adjustments consisting only of normal and recurring adjustments necessary for a fair presentation of the results for the interim periods. The selected historical financial data as of December 31, 2006 and 2007 and for the years ended December 31, 2005, 2006 and 2007 and as of September 30, 2008 and for the nine-month periods ended September 30, 2007 and September 30, 2008 are included elsewhere in this prospectus. Historical results are not necessarily indicative of the results to be expected for future periods and operating results for the nine-month period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. The selected historical consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and included elsewhere in this prospectus.

	Predecessor					Successor		
	Year Ended December 31,				Period from January 1 to November 9,	Period from November 10 to December 31,	Nine Months Ended September 30,	
	2003	2004	2005	2006	2007	2007	2007	2008
Statement of Operations:								
Revenue	$ 1,213.9	$ 1,320.4	$ 1,459.0	$ 1,565.1	$ 1,407.9	$ 237.0	$ 1,225.9	$ 1,180.7
Operating expenses	1,063.6	1,250.9	1,283.0	1,323.8	1,262.0	202.9	1,047.3	1,041.4
Operating income	150.3	69.5	176.0	241.3	145.9	34.1	178.6	139.3
Other (income) expense, net	(2.5)	26.5	4.5	(10.5)	(9.7)	6.4	(8.2)	8.8
Interest income	(2.0)	(2.6)	(7.8)	(13.5)	(18.0)	(3.4)	(15.3)	(3.9)
Interest expense	4.6	4.4	5.5	6.0	5.3	50.3	4.5	223.6
Earnings (loss) before income taxes	150.2	41.2	173.8	259.3	168.3	(19.2)	197.6	(89.2)
Income tax provision (benefit)	51.4	4.3	45.9	85.7	72.8	(6.8)	71.9	(28.6)
Net income (loss)	$ 98.8	$ 36.9	$ 127.9	$ 173.6	$ 95.5	$ (12.4)	$ 125.7	$ (60.6)
Balance Sheet Data (at period end):								
Cash and cash equivalents	$ 149.5	$ 234.3	$ 362.9	$ 294.7		$ 98.6	$ 98.6	$ 184.0
Total assets	5,206.1	6,225.6	6,653.4	6,934.4		9,966.8	9,966.8	9,453.4
Total debt	163.5	100.7	106.5	100.5		3,534.7	8,479.4	8,060.5
Total stockholders equity	1,245.2	1,295.7	1,291.8	1,371.2		1,487.4	1,487.4	1,392.9
Statement of Cash Flows Data:								
Net cash flows from:								
Operating activities	$ 63.0	$ 240.8	$ 299.3	$ 161.7	$ 208.4	$ (50.7)	$ 173.7	$ 26.7
Investing activities	(34.4)	(68.0)	(43.1)	(74.1)	(50.1)	(4.8)	44.5	139.2
Financing activities	(37.5)	(93.5)	(129.8)	(157.2)	3.0	(302.1)	65.7	198.2
Other Financial Data:								
Capital expenditures[(1)]	$ 57.5	$ 65.8	$ 64.2	$ 53.0	$ 54.0	$ 8.1	$ 47.3	$ 36.6

(1) Capital expenditures primarily consist of property and equipment and software and development costs.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in Risk Factors and elsewhere in this prospectus. You should read the following discussion in conjunction with the information included under the captions Unaudited Pro Forma Consolidated Financial Statements and Selected Historical Consolidated Financial Data and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. Reference to the year ended December 31, 2007 include the period from January 1, 2007 through November 9, 2007 combined with the period from November 10, 2007 through December 31, 2007. U.S. dollars are expressed in millions.

Overview

On November 9, 2007, Foundation Holdings, Inc. (Foundation Holdings) and Foundation Merger Sub Inc., affiliates of the Sponsors and their co-investors, completed the acquisition of all the outstanding equity of Ceridian Corporation (the Merger). Upon the consummation of the Merger, Ceridian Corporation merged with Foundation Merger Sub Inc. and became a wholly-owned subsidiary of Foundation Holdings, a company whose common stock is owned by Ceridian Intermediate Corp. (Ceridian Intermediate). Ceridian Intermediate common stock is owned by Ceridian Holding Corp. (Ceridian Holding). The Sponsors and their co-investors, including certain members of management, acquired 13% cumulative preferred stock of Ceridian Intermediate (approximately 19% of the combined equity value) and common stock of Ceridian Holding (approximately 81% of the combined equity value). The preferred stock of Ceridian Intermediate is senior to the common stock of Ceridian Intermediate owned by Ceridian Holding in terms of dividends and upon liquidation.

Although we continued as the same legal entity after the Merger, the application of push down accounting results in the termination of the old accounting entity and the creation of a new one. As a result, the accompanying consolidated statements of operations, cash flows, and stockholder s equity and comprehensive income are presented for two periods: Predecessor and Successor, which related to the period preceding the Merger and the period succeeding the Merger, respectively.

We are an information services company principally in the human resource, transportation and retail markets. We are comprised of three business segments: Human Resource Solutions (HRS), Stored Value Solutions (SVS) and Comdata. The HRS segment enables customers to outsource a broad range of employment processes, such as payroll, payroll-related tax filing, human resource information systems, employee self-service, time and labor management, benefits administration, employee assistance and work-life programs, recruitment and applicant screening, and post-employment health insurance portability compliance. We have HRS operations primarily in the United States, Canada and the United Kingdom. The SVS business segment sells stored value cards and provides card-based services primarily to retailers in the form of gift cards, credits for product returns and retail promotions. The Comdata business segment provides proprietary, credit and debit cards and is a processor of card transactions in various industries, including the transportation industry. Comdata also provides regulatory compliance services primarily to transportation industries. SVS and Comdata s operations are located primarily in the United States.

Factors Affecting Our Results

Over the last several years, several factors have significantly affected our results of operations, including the Merger, accounting for Merger, stock-based compensation expense, interest expense and general expenses. Other factors that have affected our results of operations over the last several years include the levels of customer funds we hold, transaction volumes, price increases, diesel fuel and gasoline prices, exchange rates, customer employment levels and unusual items, such as a reorganization of our HRS business and acquisitions and dispositions.

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Operating Improvement Plan

We launched a four-point cost reduction plan in early 2007 aimed at achieving $100.0 in annualized run rate savings by the end of 2008. Management believes significant progress has been made to date and we presently may expect to achieve or exceed our goal by the end of 2008. The four cost initiatives are categorized as follows:

- workforce reduction;
- technology simplification;
- general expense rationalization; and
- core operations productivity.

We effectively completed the workforce reduction during 2007 and additional workforce reductions occurring in 2008 which reduced the HRS U.S. and Ceridian Corporate operations workforce by 9%. This initiative was primarily focused on removing reporting layers and reducing back-office and middle-office positions and avoided customer facing activities. Technology simplification projects executed in 2007 and 2008 included renegotiation of vendor contracts, off-shoring development and support activities, and consolidating or eliminating a variety of software applications and platforms. Expense rationalization efforts executed in 2007 and 2008 included focused cost reduction initiatives, consolidation of facilities, improved sourcing capabilities, and additional buying power gained by partnering with the Sponsors. Core operations productivity improvements executed in 2007 and 2008 included streamlining customer implementation processes and we expect additional savings will be generated over the next two years through additional off-shoring efforts.

Current Economic Environment

While the current economic environment is challenging, to date our cash generation capabilities and financial performance have not been materially negatively impacted. Our future financial results, however, will likely be impacted to some degree by the current global economic and credit turmoil. In particular, the decrease in interest rates has caused and may continue to result in lower revenue from interest on customer funds. Also, as a result of market developments we have shifted a greater portion of our customer funds into more conservative and short-term investments and substantially all our customer funds are invested in short-term instruments which generally bear lower interest rates than a portfolio comprised of a mix of short-term and long-term investments. We will continue to evaluate our customer fund investment mix based on economic and market changes. See also Balance Sheets. While we believe our customer trust fund is currently invested in quality assets, unanticipated events in the credit or investment markets could result in future liquidity issues and/or significant losses of business.

In our HRS business segment, to date customer retention has remained stable to slightly higher and our customer employment levels appear not to be negatively impacted despite current economic weakness. At SVS, while the slowing economy has led to lower card deliveries, we continue to experience high adoption rates of our gift card offerings and increasing transaction processing growth during the first nine months of 2008. Weak retail sales during the 2008 holiday season, however, could negatively impact transaction growth and lower card deliveries will negatively impact revenue in future periods. At Comdata, the current economic environment has negatively impacted transportation transactions. A decrease in the number of transactions processed could have a negative impact on revenue.

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Business Segment Results

Our business is classified into three reportable segments: HRS, SVS and Comdata. We measure business segment results by reference to earnings before interest and taxes (EBIT) because interest income and interest expense are not allocated to our segments. Revenue between business segments is not material and is eliminated upon consolidation. Expenses incurred by corporate center operations are directly charged or otherwise allocated to the business segments. Corporate center costs include medical, workers compensation, casualty and property insurance, retirement plan expenses, treasury services, tax services, audit services, accounting services, general management services, other corporate overhead such as occupancy and aircraft costs and certain one-time costs such as expenses related to the Merger. Certain of these costs are charged to the business segment based on usage or direct costs and the remainder is allocated on a consistent basis based on a percentage of revenue.

Description of Key Line Items

Revenues

HRS s primary sources of revenue are service fees, interest earned on invested customer funds, software maintenance and subscription fees, fees for delivery of professional services and shipments of materials. Many of the service fees HRS collects are transaction based and increase with transaction volume. SVS s primary sources of revenue are sales of and services for stored value cards and the processing of transactions related to such cards. Comdata s primary sources of revenue are processing fees, sales of and services for its cards, funds transfer transactions, the discounted purchase of accounts receivables owed by manufacturers and shippers and the sale to fueling centers of products and services such as point-of-sale systems and pay at the pump systems. For more information concerning our revenue, see Revenue Recognition.

Cost of Revenue

For HRS, cost of revenue consists primarily of customer service staff costs, customer service technical support costs, consulting and purchased services, delivery services, royalties, depreciation and amortization of tangible and software assets, rentals of facilities and equipment and direct and incremental costs associated with deferred implementation revenue. For SVS and Comdata, cost of revenue consists primarily of customer services staff costs, banking fees, telecommunications costs, amortization of tangible and software assets and rentals of facilities and equipment. For more information concerning our cost of revenue, see Note 2, Accounting Policies, to our audited consolidated financial statements.

Selling, General and Administrative Expense

Selling, general and administrative (SG&A) expense relates primarily to the cost of maintaining a direct marketing infrastructure, sales force and other direct marketing, the cost of maintaining our infrastructure that is not directly related to delivery of products and services or selling efforts, provision for doubtful accounts receivable, amortization of other intangible assets and net periodic pension costs.

Research and Development Expense

Research and development (R&D) expense primarily relates to the costs of maintaining a technical workforce for software development purposes.

Loss on Derivative Instruments

We include in loss on derivative instruments the change in the fair value of derivative instruments designated as economic hedges, which are derivatives that do not meet the Statement of Financial Accounting Standards (SFAS) 133 criteria for hedge accounting treatment. We do not enter into derivative instruments for speculative purposes. The effective portion of changes in the fair value of derivative contracts that meets the SFAS 133 hedge accounting requirements is reported in accumulated other comprehensive income.

Other (Income) Expense, net

We include in other (income) expense, net the results of transactions that are not appropriately classified in another category and that generally are not recurring. Those transactions might relate to litigation and contract settlements, currency exchange, asset sales, exit activities and impairment of asset values (asset write-downs).

Earnings Before Interest and Taxes

We measure business segment results by reference to EBIT because interest income and interest expense are not allocated to our segments. Revenue between business segments is not material and is eliminated upon consolidation. Expenses incurred by corporate center operations are directly charged or otherwise allocated to the business segments. Corporate center costs include medical, workers compensation, casualty and property insurance, retirement plan expenses, treasury services, tax services, audit services, accounting services, general management services and other corporate overhead such as occupancy and aircraft costs. Certain of these costs are charged to the business segment based on usage or direct costs and the remainder are allocated on a consistent basis based on a percentage of revenue.

Income Taxes

We base our provision for income taxes on income recognized for financial statement purposes, which includes the effects of temporary differences between financial statement income and income recognized for tax return purposes. We record a valuation allowance to reduce our deferred tax assets when it is more likely than not the deferred tax asset will not be realized.

Results of Operations

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

A number of events or transactions occurred during the periods covered by this discussion that had a significant effect on the comparisons of our financial condition and performance, including:

Accounting for Merger. Beginning on November 10, 2007, we accounted for the Merger as a purchase in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, and Staff Accounting Bulletin (SAB) No. 54, Application of Pushdown Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase which resulted in a new valuation for our assets and liabilities based upon the fair values as of the date of the Merger.

Revenue. We had a revenue reduction of $108.2 for the first nine months of 2008 compared to the first nine months of 2007, related to the Merger as a result of the application of Emerging Issue Task Force Issue (EITF) No. 01-3, Accounting in a Business Combination for Deferred Revenue of an Acquiree , which requires companies with deferred revenue to retain only those deferred amounts that the company has a continuing legal performance obligation. As such, the majority of the Company s existing deferred revenue balances prior to the Merger were eliminated which resulted in a reduction in the Successor Period revenue (Deferred Revenue Adjustment).

Cost of Revenue. We had a cost of revenue reduction post Merger as a result of the impact of applying SFAS No. 141 to the deferred costs that were recorded on our consolidated balance sheet (Deferred Cost Adjustment). Cost of revenue was $664.7 in the first nine months of 2008 compared to $676.4 in the first nine months of 2007.

Depreciation and Amortization Expense. We recognized an increase in depreciation and amortization expense post Merger as a result of the revaluation of assets through the application of purchase accounting. Depreciation and amortization expense was $132.5 for the first nine months of 2008 and $64.5 for the first nine months of 2007.

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Pension Expense. We had a reduction in net periodic pension and postretirement plan expense of $12.0 in the first nine months of 2008 compared to the first nine months of 2007 as a result of the elimination of the net unrecognized pension and postretirement costs through the application of purchase accounting.

Stock-Based Compensation Expense. We had a reduction of stock-based compensation expense in 2008 as a result of all stock options, restricted stock units and restricted stock awards outstanding before the Merger which became fully vested at the Merger date. Stock-based compensation expense was $2.0 in the first nine months of 2008 versus stock compensation expense of $15.6 for the first nine months of 2007.

Interest Expense. We recognized an increase in interest expense post Merger as a result of the issuance of debt in connection with the Merger. Interest expense for the first nine months of 2008 was $223.6. Interest expense for the first nine months of 2007 was $4.5.

Investment Impairment. In the third quarter of 2008, we incurred a $10.2 other than temporary impairment on investments held in our customer funds trust portfolio and our cash equivalents. These investments are in the Reserve Primary Fund money market fund (the Reserve Fund) which had 1.5% of its investments in the debt obligations of a company that has filed for bankruptcy. Our assessment of fair value at September 30, 2008 is subject to significant uncertainty and the ultimate fair value of these investments may vary significantly from management s current best estimate. We also had a reclass in the third quarter of 2008 of $98.5 of our cash equivalents invested in the Reserve Fund to a short-term investment as this investment is no longer readily convertible to cash.

General Expenses. In the first nine months of 2007, we incurred one-time expenses of $20.6 related to our evaluation of strategic alternatives, our 2007 proxy statement and related items, lease termination costs and executive separations.

Consolidated Results

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

	Successor	Predecessor	Increased (Decreased)		Successor	Predecessor
	Amount				% of Revenue	
	2008	2007	$	%	2008	2007
Revenue	$ 1,180.7	$ 1,225.9	(45.2)	(3.7)	100.0	100.0
Cost of revenue	664.7	676.4	(11.7)	(1.7)	56.3	55.2
SG&A expense	355.2	348.7	6.5	1.9	30.1	28.4
R&D expense	21.5	20.5	1.0	5.0	1.8	1.7
Loss on derivative instruments		1.7	(1.7)	NM		0.1
Other income, net	8.8	(8.2)	17.0	NM	0.7	(0.7)
Interest income	(3.9)	(15.3)	11.4	(74.2)	(0.3)	(1.3)
Interest expense	223.6	4.5	219.1	NM	18.9	0.4
Total costs and expenses	1,269.9	1,028.3	241.6	23.5	107.4	83.4
Earnings (loss) before income taxes	(89.2)	197.6	(286.8)	NM	(7.6)	16.1
Income tax provision (benefit)	(28.6)	71.9	(100.5)	NM	(2.4)	5.9
Net earnings (loss)	$ (60.6)	$ 125.7	(186.3)	NM	(5.1)	10.3

NM represents comparisons that are not meaningful to this analysis.

For the first nine months of 2008, consolidated revenue decreased $45.2, or 3.7%, to $1,180.7 from $1,225.9 in the first nine months of 2007. For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, HRS revenue decreased $7.4 and SVS revenue decreased $71.2, while Comdata revenue increased $33.4. Within those changes, revenue was negatively affected by $108.2 in the first nine months of 2008 from the Deferred Revenue Adjustment.

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Cost of revenue as a percent of revenue increased to 56.3% for the first nine months of 2008 from 55.2% for the first nine months of 2007. The increase in cost of revenue as a percent of revenue was driven by increased amortization expense as a result of the Merger, lower investment income on invested customer funds, increased promotion expense on a government contract, and the net impact of the Deferred Cost Adjustment and the Deferred Revenue Adjustment. Significantly offsetting the increase in cost of revenue as a percent of revenue were cost reduction efforts in HRS.

SG&A expense increased $6.5, or 1.9%, to $355.2 in the first nine months of 2008 from $348.7 in the first nine months of 2007. The increase was driven by the increased amortization expense as a result of the Merger, the impact of the strengthening of the Canadian dollar against the U.S. dollar and higher bad debt expense at our Comdata business segment, partially offset by a reduction of one-time costs related to our evaluation of strategic alternatives, proxy costs, lease termination charges and executive separations in 2007, cost reduction efforts in our HRS business segment, lower pension expense as a result of the application of purchase accounting, lower stock-based compensation expense and lower severance expense.

R&D expense in the first nine months of 2008 increased $1.0, or 5.0% compared to the first nine months of 2007 primarily due to increased system development efforts at our HRS business segment offset by lower project spending at our Comdata business segment.

The loss on derivative instruments was $1.7 in the first nine months of 2007. The loss in the prior year period resulted from an increase in diesel fuel prices in relation to the derivative instrument commodity price.

Interest income decreased $11.4 to $3.9 in the first nine months of 2008 compared to the first nine months of 2007, driven by a lower average level of cash and equivalents and lower interest rates. Interest expense increased $219.1 to $223.6 in the first nine months of 2008 compared to the first nine months of 2007. This increase in the interest expense is a result of the debt issued in connection with the Merger.

Income taxes decreased $100.5 to a benefit of $28.6 in the first nine months of 2008 compared to a provision of $71.9 in the first nine months of 2007. This was primarily due to the decrease in earnings largely attributable to the higher interest expense.

HRS

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

	Successor	Predecessor	Increased		Successor	Predecessor
	Amount		(Decreased)		% of Revenue	
	2008	2007	$	%	2008	2007
Revenue	$ 827.0	$ 834.4	(7.4)	(0.9)	100.0	100.0
Cost of revenue	477.1	470.8	6.3	1.3	57.7	56.4
SG&A expense	266.5	283.5	(17.0)	(6.0)	32.2	33.7
R&D expense	16.3	14.1	2.2	15.6	2.0	1.7
Other (income) expense, net	8.8	(8.0)	16.8	NM	1.1	(1.0)
EBIT	$ 58.3	$ 74.0	(15.7)	(21.2)	7.0	8.9

NM represents comparisons that are not meaningful to this analysis.

HRS revenue decreased $7.4 or 0.9%, to $827.0 in the first nine months of 2008 compared to $834.4 in the first nine months of 2007. Revenue from U.S. operations decreased $22.9, revenue from operations conducted in Canada through Ceridian Canada Ltd. (Ceridian Canada) increased $16.9, and revenue from operations conducted in the United Kingdom, through Ceridian U.K. Limited (Ceridian UK) decreased $1.4, in the first nine months of 2008 compared to the first nine months of 2007.

The decrease in revenue from U.S. operations in the first nine months of 2008 compared to the first nine months of 2007 was driven by a $40.8 decrease in payroll processing, tax filing and human resource services (Payroll and Tax Services) and a $6.5 decrease in benefits administration services (Benefit Services), partially offset by a $24.4 increase in work-life and employee assistance programs (LifeWorks).

The revenues decrease in Payroll and Tax Services in the U.S. in the first nine months of 2008 compared to the first nine months of 2007 was mainly driven by a decrease in interest income earned on invested customer funds of $29.6 primarily due to lower average yields and a write-down in a customer fund investment of $8.9 as well as a reduction in revenue due to the effects of the Deferred Revenue Adjustment of $10.7. The decrease in Benefit Services revenue was primarily driven by a decrease in the customer base and a decrease in interest income earned on invested customer funds. LifeWorks revenue increased primarily due to an increase in our governmental business as a result of a promotional campaign and increased service offerings.

The Ceridian Canada revenue increase of $16.9 in the first nine months of 2008 included $13.5 resulting from the strengthening of the Canadian dollar against the U.S. dollar, with the remainder of the increase attributed to growth in the payroll base and price increases, partially offset by a decrease of $1.2 due to the effects of the Deferred Revenue Adjustment. The Ceridian UK revenue decreased $1.4 due to the effects of the Deferred Revenue Adjustment of $6.9 and the strengthening of the U.S. dollar against the British pound sterling, partially offset by increased revenue from existing customers.

Cost of revenue as a percent of revenue increased to 57.7% in the first nine months of 2008 from 56.4% in the first nine months of 2007. The increase was mainly due to increased promotion expense on a government contract in LifeWorks, increased amortization expense as a result of the Merger and lower investment income on invested customer funds, partially offset by cost reduction efforts in Payroll and Tax Services.

SG&A expense for HRS decreased $17.0, or 6.0%, to $266.5 in the first nine months of 2008 compared to $283.5 in the first nine months of 2007 driven by a decrease in selling expense of $10.3 and a decrease of $6.7 in general and administrative expense. Selling expense primarily decreased due to lower commission costs, lower payroll expense largely the result of cost reduction efforts and one-time charges for lease terminations relating to sales offices that occurred in the first quarter of 2007, partially offset by the impact of the strengthening of the Canadian dollar against the U.S. dollar. The decrease in general and administrative expense was due to cost reduction efforts, the decrease of allocated one-time costs related to our evaluation of strategic alternatives, proxy costs, executive separations in 2007, lower pension expenses and lower severance expense, partially offset by increased amortization expense related to the Merger and the impact of the strengthening of the Canadian dollar against the U.S. dollar.

R&D expense for HRS increased $2.2 to $16.3 for the first nine months of 2008 compared to $14.1 for the first nine months of 2007, both primarily due to increased system development efforts.

Other expense, net for the first nine months of 2008 was $8.8 related primarily to a $6.4 foreign currency remeasurement loss on debt at Ceridian Canada which will be repaid through payments from a legal entity with a functional currency in Canadian dollars and a $1.3 write-down on our Reserve Fund investment in the third quarter of 2008. Other income, net for the first nine months of 2007 of $8.0 primarily resulted from a gain on sales of marketable securities of $5.7 and a gain on the sale of a business of $2.0.

HRS EBIT decreased $15.7 to $58.3, or 7.0% of revenue, in the first nine months of 2008 compared to $74.0, or 8.9% of revenue, in the first nine months of 2007. The decrease was primarily due to increased amortization expense related to the Merger, a foreign currency remeasurement loss and the net impact of the Deferred Revenue Adjustment and the Deferred Cost Adjustment, partially offset by an improvement in operating performance in the U.S. operations due to cost reduction efforts and reduced one-time costs related to our evaluation of strategic alternatives, proxy costs, lease terminations and executive separations in 2007.

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SVS

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

	Successor	Predecessor	Increased		Successor	Predecessor
	Amount		(Decreased)		% of Revenue	
	2008	2007	$	%	2008	2007
Revenue	$ 66.7	$ 137.9	(71.2)	(51.6)	100.0	100.0
Cost of revenue	61.9	115.9	(54.0)	(46.6)	92.8	84.0
SG&A expense	14.0	11.5	2.5	21.7	21.0	8.3
R&D expense	1.6	1.3	0.3	23.1	2.4	1.0
Other (income) expense, net						
EBIT	$ (10.8)	$ 9.2	(20.0)	NM	(16.2)	6.7

NM represents comparisons that are not meaningful to this analysis.

SVS revenue decreased $71.2 in the first nine months of 2008 over the first nine months of 2007. The decrease was due to the effects of the Deferred Revenue Adjustment of $81.1, partially offset by increased revenue due to greater transaction volume and the addition of new customers through internal growth.

SVS revenue is generally deferred and recognized largely over a six-month period following the activation of a card, which typically takes place about eight months after the shipment of the card to the retailer. Cards delivered decreased by approximately 8.6% and transactions processed increased approximately 14.4% in the first nine months of 2008 over the same period in 2007.

SVS cost of revenue as a percent of revenue in the first nine months of 2008 increased to 92.8% compared to 84.0% in the first nine months of 2007. The increase was due to the net negative impact of the Deferred Revenue Adjustment and the Deferred Cost Adjustment, partially offset by a margin improvement on card shipments.

SG&A expense increased $2.5 in the first nine months of 2008 compared to the same period in 2007. This increase was due to general spending increases and higher professional service fees partially offset by lower amortization expense.

R&D expense was relatively flat in the first nine months of 2008 compared to the same period in 2007.

SVS EBIT decreased $20.0 to a loss of $10.8 in the first nine months of 2008 compared to earnings of $9.2 in the first nine months of 2007. This was primarily due to the net impact of the Deferred Revenue Adjustment and the Deferred Cost Adjustment and improved card margins.

Comdata

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

	Successor	Predecessor	Increased		Successor	Predecessor
	Amount		(Decreased)		% of Revenue	
	2008	2007	$	%	2008	2007
Revenue	$ 287.0	$ 253.6	33.4	13.2	100.0	100.0
Cost of revenue	125.7	89.7	36.0	40.1	43.8	35.4
SG&A expense	74.7	53.7	21.0	39.1	26.0	21.2

R&D expense	3.6	5.1	(1.5)	(29.4)	1.3	2.0
Loss on derivatives		1.7	(1.7)	(100.0)		0.7
Other income, net		(0.2)	0.2	(100.0)		(0.1)
EBIT	$ 83.0	$ 103.6	(20.6)	(19.9)	28.9	40.9

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Comdata revenue increased $33.4 to $287.0 in the first nine months of 2008 compared to $253.6 in the first nine months of 2007 due primarily to a $13.2 increase in the long haul business, a $15.6 increase in the local fleet business and a $4.6 increase in other services. The long haul business increase resulted from the higher average cost of fuel of $12.9 and an increase in usage in our draft cashing and express check services, partially offset by a decrease in transactions on the Comdata Card driven by fuel consumption reduction measures taken by our customers. The increase in the local fleet business was due largely to increased utilization by local fleet customers of the Comdata Card and other products and services as well as from the higher average cost of fuel of $4.4. Included within this increase was a reduction in revenue of $1.6 due to the effects of the Deferred Revenue Adjustment.

Cost of revenue as a percent of revenue in the first nine months of 2008 increased to 43.8% compared to 35.4% in the first nine months of 2007. This increase was due to increased amortization expense related to the Merger, significant growth in revenue coming from a lower margin market segment, increased payroll related costs due to an increase support of product lines, as well as the negative impact of the net result of the Deferred Revenue Adjustment and the Deferred Cost Adjustment.

SG&A expense increased $21.0, or 39.1%, to $74.7 in the first nine months of 2008 compared to $53.7 in the first nine months of 2007. The increase was primarily due to increased amortization expense related to the Merger, higher bad debt expense related to the difficult economic climate and effect of higher price of fuel on our customers, and increased selling expense as a result of higher revenue, partially offset by reduced allocated one-time charges related to our evaluation of strategic alternatives, proxy costs and executive separations in 2007 and lower stock-based compensation expense.

R&D expense decreased $1.5 in the first nine months of 2008 compared to the same period in 2007 due to lower project spending.

The loss on derivative instruments was $1.7 in the first nine months of 2007. The loss in the prior year period resulted from an increase in diesel fuel prices in relation to the derivative instrument commodity price.

Comdata EBIT decreased $20.6 to $83.0, or 28.9% of revenue, in the first nine months of 2008 compared to $103.6, or 40.9% of revenue, in the first nine months of 2007. The decrease in EBIT was primarily due to higher cost of sales and increased amortization expense related to the Merger, partially offset by the increase in revenue and reduced allocated one-time charges related to our evaluation of strategic alternatives, proxy costs and executive separations in 2007.

Year Ended December 31, 2007 Compared to December 31, 2006

Overview

Our accounting for the Merger follows the requirements of SAB No. 54 and SFAS No. 141, which require that purchase accounting treatment of the merger be pushed down, resulting in the adjustment of all of our net assets to their respective fair values as of the Merger date. Although we continued as the same legal entity after the Merger, the application of push down accounting represents the termination of the old accounting entity and the creation of a new entity. As a result, our consolidated financial statements are presented for two periods: Successor and Predecessor, which relate to the period succeeding the Merger and period preceding the Merger, respectively. We have prepared our discussion of the results of operations by comparing the mathematical combination of the 2007 Successor Period from November 10, 2007 to December 31, 2007, the Predecessor Period from January 1, 2007 to November 9, 2007 with the prior twelve month period in 2006. We refer to the twelve months ended December 31, 2007 as the 2007 Combined Period. Although this presentation does not comply with generally accepted accounting principles (GAAP), we believe the combination of the 2007 periods provides a meaningful comparison to the 2006 period. The combined operating results have not been prepared as pro forma results under applicable regulations and may not reflect the actual results we would have achieved absent the Merger and may not be predictive of future results of operations.

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A number of events or transactions occurred during the period covered by this discussion that had a significant effect on the comparisons of our financial condition and performance, including:

Merger. Under the terms of the Merger, Predecessor Ceridian Corporation stockholders received $36.00 in cash, without interest, for each share of Predecessor Ceridian Corporation common stock that they held for a total of $5,305.3. Ceridian Corporation common stock ceased trading on the New York Stock Exchange (NYSE) and has been delisted from the NYSE. The sources and uses of funds in connection with the Merger are summarized below:

Sources:	
Equity investment	$ 1,600.0
Senior secured credit facility	2,250.0
Senior notes	1,300.0
Cash from Predecessor Ceridian Corporation	346.7
Total sources	$ 5,496.7
Uses:	
Payment consideration to predecessor stockholders	$ 5,305.3
Transaction costs	191.4
Total uses	$ 5,496.7

Accounting for Merger. Beginning on November 10, 2007, we accounted for the Merger as a purchase in accordance with the provisions of SFAS No. 141, Business Combinations, and Staff Accounting Bulletin (SAB) No. 54, Application of Pushdown Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase which resulted in a new valuation for our assets and liabilities based upon the fair values as of the date of the Merger.

The following summarizes the preliminary allocation of the purchase price of the Merger based on estimated fair values of the assets acquired and liabilities assumed as of November 10, 2007. We engaged outside appraisal firms to assist in determining the fair value of certain long-lived, tangible and identifiable intangible assets and used these appraisals for the purchase price allocation. This allocation is subject to further refinement until all pertinent information is obtained for the restructuring reserve and the final valuation of identifiable intangible assets.

Purchase Price:	
Fair market value of Ceridian Corporation common stock	$ 5,305.3
Direct costs related to the Merger	4.5
Aggregate Purchase Price	$ 5,309.8
Purchase Price assigned:	
Net working capital	$ 650.7
Property, plant and equipment	88.0
Goodwill	3,544.5
Identifiable intangible assets	1,470.3
Other non-current assets	40.1
Deferred income taxes	(345.4)
Non-current liabilities and other	(138.4)
Total Purchase Price Assigned	$ 5,309.8

Stock-Based Compensation Expense. All stock options, restricted stock units and restricted stock awards outstanding before the Merger became fully vested. Stock-based compensation expense for the period January 1 to November 9, 2007 was $45.0.

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Amortization Expense. We will recognize an increase in amortization expense post Merger as a result of the revaluation of assets through the application of purchase accounting. Amortization expense for the period November 10 to December 31, 2007 was $18.3.

Interest Expense. We will recognize an increase in interest expense post Merger as a result of the issuance of debt in connection with the Merger. Interest expense for the period November 10 to December 31, 2007 was $50.3.

General Expenses. Prior to the Merger, we incurred the following expenses that were significant to the comparison of the periods:

Expenses of $46.3 were incurred related to the evaluation of strategic alternatives for the Company, the 2007 proxy and fees associated with pre-Merger costs incurred;

Expenses for severance and lease terminations of $15.9 due to the Company s execution of its operating improvement plan; and

Expenses for executive separations of $4.5.

Adoption of SFAS 123R. The comparison of SG&A and R&D for 2006 to 2005 was significantly affected by adoption SFAS No. 123R, Share-Based Payment. The principal effect of SFAS No. 123R was to require the inclusion in our earnings of compensation expense for employee services obtained through stock-based payment transactions that previously were only reported as a disclosure in a note to our consolidated financial statements. Total costs and expenses for stock-based compensation in 2006 equaled $21.0 compared to $2.5 in 2005. The adoption of this pronouncement is discussed further in Note 11, Stock-Based Compensation Plans, to our audited consolidated financial statements.

Income tax matters. In the 2007 period after the Merger, we increased our income tax benefit by $3.2 as a result of a favorable tax rate change enacted in Canada. In the 2007 period before the Merger, we increased our income tax provision by $5.5 for the expenses related to the Merger that were not deductible for tax purposes and by $4.8 for additional tax expense related to foreign earnings repatriation. In 2006, the expiration of the statute of limitations on an international tax contingency and a Canadian tax rate reduction resulted in a reduction in our income tax expense of $8.6 and $2.8, respectively. During 2005, we reduced our income tax provision by $24.5 due primarily to the settlement of specific tax matters and the expiration of the statute of limitations in various jurisdictions. In addition, in 2005 we repatriated $130.3 of accumulated earnings from Ceridian Canada under the American Jobs Creation Act of 2004, resulting in an additional tax expense of $5.2.

Consolidated Results

	2007 Combined Period	**Successor Period From November 10 to December 31, 2007**	**Predecessor Period From January 1 to November 9, 2007**
Revenue	$ 1,644.9	$ 237.0	$ 1,407.9
Cost of revenue	910.2	128.2	782.0
SG&A expense	522.1	70.8	451.3
Research and development (R&D) expense	30.7	4.0	26.7
Loss (gain) on derivative instruments	1.9	(0.1)	2.0
Other income, net	(3.3)	6.4	(9.7)
Interest income	(21.4)	(3.4)	(18.0)
Interest expense	55.6	50.3	5.3

Total costs and expenses	1,495.8	256.2	1,239.6
Earnings (loss) before income taxes	149.1	(19.2)	168.3
Income tax provision (benefit)	66.0	(6.8)	72.8
Net earnings (loss)	$ 83.1	$ (12.4)	$ 95.5

	Amount		Increase (Decrease)		% of Revenue	
	2007[1]	2006	$	%	2007[1]	2006
Revenue	$ 1,644.9	$ 1,565.1	79.8	5.1	100.0	100.0
Cost of revenue	910.2	852.4	57.8	6.8	55.3	54.5
SG&A expense	522.1	440.1	82.0	18.6	31.7	28.1
R&D expense	30.7	28.6	2.1	7.4	1.9	1.8
Loss on derivative instruments	1.9	2.7	(0.8)	(31.9)	0.1	0.2
Other income, net	(3.3)	(10.5)	7.2	68.7	(0.2)	(0.7)
Interest income	(21.4)	(13.5)	(7.9)	58.7	(1.3)	(0.9)
Interest expense	55.6	6.0	49.6	832.8	3.4	0.4
Total costs and expenses	1,495.8	1,305.8	190.0	14.5	90.9	83.4
Earnings before income taxes	149.1	259.3	(110.2)	(42.5)	9.1	16.6
Income tax provision	66.0	85.7	(19.7)	(22.9)	4.0	5.5
Net earnings	$ 83.1	$ 173.6	(90.5)	(52.2)	5.1	11.1

(1) 2007 amounts refer to the 2007 Combined Period; this is a Non-GAAP presentation.

Consolidated revenue increased $79.8, or 5.1%, to $1,644.9 in 2007 from $1,565.1 in 2006. Revenue in HRS increased $32.7, SVS increased $23.4, and Comdata increased $23.7 in 2007. Within those increases, revenue was negatively affected by $24.0 in the Successor Period after the Merger as a result of the application of EITF No. 01-3, Accounting in a Business Combination for Deferred Revenue of an Acquiree , which requires companies with deferred revenue to retain only those deferred amounts that the company has a continuing legal performance obligation. As such, the majority of the Company s existing deferred revenue balances prior to the Merger were eliminated, which resulted in a reduction in the Successor Period revenue (Deferred Revenue Adjustment).

The HRS revenue increase was primarily due to higher interest income on invested customer funds resulting from both higher interest rates and an increased customer float balance, and growth in our core payroll business. These increases were partially offset by the loss of revenue associated with the sale of a major portion of our 401(k) recordkeeping and administration business in the third quarter of 2006, a write-down on an investment within our customer funds, lower revenue in our government lifeworks business, the strengthening of the British pound sterling and Canadian dollar against the U.S. dollar and the effects of the Deferred Revenue Adjustment. Our SVS revenue increase was driven by higher levels of retail cards in use offset by the effects of the Deferred Revenue Adjustment. Our Comdata revenue increase was driven by higher volume of transactions in our local and long haul fleet businesses and increased volume within regulatory compliance services, partially offset by the effects of the Deferred Revenue Adjustment. Results for our HRS, SVS and Comdata segments are discussed below under Business Segment Results.

Cost of revenue as a percent of revenue increased to 55.3% in 2007 from 54.5% in 2006. This was driven by an increase in SVS s cost of revenue due to increased vendor card costs, increased transaction based bank fees in Comdata and increased payroll related costs due to acquisitions, as well as higher severance and stock-based compensation expenses primarily in HRS and increased amortization expense related to the Merger. Partially offsetting those increases in cost of revenue as a percent of revenue were higher investment income without significant incremental costs on our invested customer funds, cost containment efforts in HRS and the impact of applying SFAS No. 141 to the deferred costs that were recorded on our consolidated balance sheet (Deferred Cost Adjustment). As such, the majority of the Company s existing deferred cost balances prior to the Merger were reversed, which resulted in a reduction in the Successor Period cost of revenue.

SG&A expense increased $82.0, or 18.6%, to $522.1 in 2007 from $440.1 in 2006. This was primarily due to charges totaling $46.3 for our evaluation of strategic alternatives, proxy-related costs and fees associated with pre-Merger costs incurred, $19.5 in increased stock-based compensation expense, $9.9 in increased severance

charges and lease termination charges prior to the Merger due to execution of our operating improvement plan, $7.0 in increased amortization expense related to the purchase price allocated to intangible assets as a result of the Merger, $4.5 in expenses for executive separations and the strengthening of the British pound sterling and Canadian dollar against the U.S. dollar and higher payroll costs as a result of merit increases. Partially offsetting these increases were reduced litigation expenses and general spending reductions in HRS.

R&D expense increased $2.1 or 7.4% to $30.7 in 2007. This was driven by new project costs and increased stock-based compensation expense.

In 2007, the loss on derivative instruments amounted to $1.9 compared to a loss of $2.7 in 2006. The loss in both periods resulted from an increase in diesel fuel prices in relation to the derivative instrument commodity price. If diesel fuel prices are higher than the derivative instrument, a loss results. If diesel fuel prices are lower than the derivative instrument, a gain results.

Other income, net for 2007 primarily relates to the gain on the sale of marketable securities, a sale of a business and sales of other assets, partially offset by a foreign currency remeasurement loss due to debt in Ceridian Canada that will be repaid through payments from a legal entity with a functional currency in Canadian dollars. Other income, net in 2006 primarily relates to the gain on the sale of marketable securities, sale of other assets, and gain from the settlement of a lawsuit.

Interest income in 2007 increased $7.9 to $21.4 compared to $13.5 in 2006. The increase was driven by a higher average level of cash and equivalents and higher interest rates. Interest expense increased $49.6 to $55.6 in 2007 compared to 2006 as a result of the debt issued in connection with the Merger.

Income tax provision decreased $19.7 to $66.0 in 2007 compared to $85.7 in 2006. Our effective tax rate for 2007 was 44.3% compared to 33.1% for 2006. The effective tax rate for 2007 was unfavorably impacted by $5.5 for expenses related to the Merger that are not deductible for tax purposes and additional tax expense of $4.8 related to foreign earnings repatriation. In addition, the 2007 effective tax rate was favorably impacted by $3.2 of tax rate changes enacted in Canada which reduced our deferred income tax liability.

The effective tax rate for 2006 was favorably impacted by the expiration of the statute of limitations on an international tax contingency and a Canadian tax rate reduction. The statute expiration resulted in an $8.6 decrease in income tax expense. The Canadian tax rate change impacted our deferred income tax balance and reduced income tax expense by $2.8.

HRS

	2007 Combined Period	Successor Period From November 10 to December 31, 2007	Predecessor Period From January 1 to November 9, 2007
Revenue	$ 1,132.5	$ 175.6	$ 956.9
Cost of revenue	633.5	89.1	544.4
SG&A expense	411.9	50.0	361.9
R&D expense	22.0	2.2	19.8
Other income, net	(2.1)	6.4	(8.5)
EBIT	$ 67.2	$ 27.9	$ 39.3

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	Amount		Increase (Decrease)		% of Revenue	
	2007[(1)]	2006	$	%	2007[(1)]	2006
Revenue	$ 1,132.5	$ 1,099.8	32.7	3.0	100.0	100.0
Cost of revenue	633.5	630.0	3.5	0.6	55.9	57.3
SG&A expense	411.9	360.1	51.8	14.3	36.3	32.7
R&D expense	22.0	21.1	0.9	4.6	1.9	1.9
Other income, net	(2.1)	(9.6)	(7.5)	(78.4)	(2.1)	(0.9)
EBIT	$ 67.2	$ 98.2	(31.0)	(31.5)	5.9	8.9

(1) 2007 amounts refer to the 2007 Combined Period; this is a Non-GAAP presentation.

HRS revenue increased $32.7, or 3.0%, to $1,132.5 in 2007 compared to $1,099.8 in 2006. Revenue from U.S. operations increased $0.8, or 0.1%, from $822.4 to $823.2, revenue from Canadian operations increased $28.4, or 15.5%, from $182.6 to $211.0, and revenue from the U.K. operations increased $3.5, or 3.7%, from $94.8 to $98.3.

The increase in revenue from U.S. operations in 2007 was due to a $27.7 increase in Payroll and Tax Services, partially offset by a $13.6 decrease from Benefit Services and a $13.1 decrease in LifeWorks. The increase in Payroll and Tax Services U.S. operations revenue in 2007 was mainly driven by growth in the business due to increased sales to existing customers and addition of new customers, and increases in interest income earned on invested customer funds of $8.7, of which $5.6 was from a higher average yield and $3.1 was from a higher average invested balance, partially offset by a decrease of $3.0 from the effects of the Deferred Revenue Adjustment. The decrease in Benefit Services revenue of $13.6 was primarily driven by the reduction of revenue of $12.1 due to the sale of major portion of the 401(k) recordkeeping and administration business in the third quarter of 2006 and a decrease of $0.6 from the effects of the Deferred Revenue Adjustment. The LifeWorks revenue decrease of $13.1 was primarily due to price reductions in our governmental business and a decrease of $2.6 from the effects of the Deferred Revenue Adjustment.

The Canadian revenue increase of $28.4 included $12.3 due to the strengthening of the Canadian dollar against the U.S. dollar, $7.2 from additional interest income primarily resulting from a higher average invested balance, with the remainder of the increase attributed to growth in the payroll base and price increases, partially offset by a decrease due to a $5.1 write-down in a customer fund investment and related interest receivable and $0.7 from the effects of the Deferred Revenue Adjustment. The U.K. revenue increase of $3.5 was due to the strengthening of the British pound sterling against the U.S. dollar partially offset by lower pricing on customer renewals and $0.6 from the effects of the Deferred Revenue Adjustment.

HRS cost of revenue as a percent of revenue decreased to 55.9% in 2007 from 57.3% in 2006 mainly due to increased interest income on invested customer funds without significant incremental costs and cost reduction efforts in Payroll and Tax Services, partially offset by increased service delivery costs in Benefits Services to improve service levels, increased stock-based compensation expense and higher severance costs.

SG&A expense for HRS increased $51.8, or 14.3%, to $411.9 in 2007 compared to $360.1 in 2006 resulting from an increase of $52.8 in general and administrative expense and a decrease of $1.0 in selling expense. The increase in general and administrative expense was due to allocated charges of $31.6 for our evaluation of strategic alternatives, proxy-related costs, fees associated with pre-Merger costs incurred, $7.8 of increased stock based compensation expense, $4.9 of increased severance expenses, $3.1 in expenses for executive separations incurred prior to the Merger, the impact of the strengthening of the British pound sterling and the Canadian dollar against the U.S. dollar and increased intangible amortization expense related to the Merger, partially offset by general spending decreases. Selling expense primarily decreased due to reduced sales incentive expenses partially offset by a charge for lease terminations relating to sales offices incurred prior to the Merger and the impact of the strengthening of the British pound sterling and the Canadian dollar against the U.S. dollar.

R&D expense for HRS increased $0.9, or 4.6%, to $22.0 in 2007 compared to $21.1 in 2006. This increase was due to new project costs and higher stock-based compensation expense.

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Other income, net for 2007 was $2.1 and relates primarily to gains on the sale of marketable securities of $6.2 and gains on the sale of businesses of $2.0 partially offset by a $6.6 foreign currency remeasurement loss on debt at Ceridian Canada that will be repaid through payments from a legal entity with a functional currency in Canadian dollars. Other income, net in 2006 of $9.6 primarily resulted from a gain of $5.8 on the sale of a major portion of our 401(k) recording keeping and administration business and gains on sales of marketable securities and other assets of $3.4.

HRS EBIT decreased $31.0, or 31.5%, to $67.2 or 5.9% of revenue in 2007 compared to $98.2 or 8.9% of revenue in 2006. This decrease was primarily due to one-time charges related to our evaluation of strategic alternatives and proxy-related costs, severance charges and executive separations incurred prior to the Merger, fees associated with pre-Merger costs incurred, as well as higher stock-based compensation expense, partially offset by an improvement in operating performance in U.S. operations and Ceridian Canada.

SVS

	2007 Combined Period	Successor Period From November 10 to December 31, 2007	Predecessor Period From January 1 to November 9, 2007
Revenue	$ 177.2	$ 15.2	$ 162.0
Cost of revenue	154.1	16.5	137.6
SG&A expense	13.7	1.2	12.5
R&D expense	2.0	0.4	1.6
Other income, net	(1.0)		(1.0)
EBIT	$ 8.4	$ (2.9)	$ 11.3

	Amount		Increase (Decrease)		% of Revenue	
	2007[(1)]	2006	$	%	2007[(1)]	2006
Revenue	$ 177.2	$ 153.8	23.4	15.2	100.0	100.0
Cost of revenue	154.1	122.6	31.5	25.7	87.0	79.7
SG&A expense	13.7	13.5	0.2	1.5	7.7	8.8
R&D expense	2.0	1.9	0.1	5.2	1.1	1.2
Other income, net	(1.0)		(1.0)	NM	(0.5)	0.0
EBIT	$ 8.4	$ 15.8	(7.4)	(46.8)	4.7	10.3

(1) 2007 amounts refer to the 2007 Combined Period; this is a Non-GAAP presentation.

NM represents comparisons that are not meaningful to this analysis.

SVS revenue increased $23.4, or 15.2%, to $177.2 in 2007 from $153.8 in 2006. This increase was primarily due to higher levels of retail cards in use, greater transaction volume and the addition of new customers through internal growth and an acquisition, partially offset by a decrease of $15.3 from the effects of the Deferred Revenue Adjustment. Revenue from retail services is generally deferred and recognized largely over a six-month period following the activation of a card, which typically takes place about eight months after the shipment of the card to the retailer. Cards delivered increased by approximately 6.1% and transactions processed increased approximately 9.9% in comparison of 2007 over 2006.

SVS cost of revenue as a percent of revenue for 2007 increased to 87.0% compared to 79.7% in 2006. The increase was due to increased vendor card costs, the entry into a lower margin market segment through a fourth quarter 2006 acquisition, higher payroll costs related to the fourth quarter 2006 acquisition and the loss of a relatively high margin contract in the legacy smart card electronic benefits business, which were offset

by the effects of the Deferred Cost Adjustment.

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SG&A expense increased $0.2 to $13.7 in 2007 compared to $13.5 in 2006. This increase was primarily due to increased stock based compensation expense, increased intangible amortization expense related to the Merger and a fourth quarter 2006 acquisition, partially offset by reduced administration expenses.

R&D expense increased $0.1, or 5.2%, to $2.0 in 2007 compared to $1.9 in 2006 primarily due to higher spending on projects.

Other income, net in 2007 reflects a $1.0 gain from the sale of a customer portfolio.

SVS EBIT decreased $7.4 to $8.4, or 4.7% of revenue, in 2007 compared to $15.8, or 10.3% of revenue, in 2006. This was primarily due to the higher cost of sales and the impact of the Deferred Revenue Adjustment and the Deferred Cost Adjustment.

Comdata

	2007 Combined Period	Successor Period From November 10 to December 31, 2007	Predecessor Period From January 1 to November 9, 2007
Revenue	$ 335.2	$ 46.2	$ 289.0
Cost of revenue	122.6	22.6	100.0
SG&A expense	96.5	19.6	76.9
R&D expense	6.7	1.4	5.3
(Gain) loss on derivative instruments	1.9	(0.1)	2.0
Other income, net	(0.2)		(0.2)
Earnings before interest and taxes	$ 107.7	$ 2.7	$ 105.0

	Amount		Increase (Decrease)		% of Revenue	
	2007(1)	2006	$	%	2007(1)	2006
Revenue	$ 335.2	$ 311.5	23.7	7.6	100.0	100.0
Cost of revenue	122.6	99.8	22.8	22.8	36.6	32.1
SG&A expense	96.5	66.5	30.0	45.1	28.8	21.3
R&D expense	6.7	5.6	1.1	19.6	2.0	1.8
Loss on derivative instruments	1.9	2.7	(0.8)	(29.6)	0.6	0.9
Other income, net	(0.2)	(0.9)	(0.7)	(77.8)	(0.1)	(0.3)
EBIT	$ 107.7	$ 137.8	(30.1)	(21.8)	32.1	44.2

(1) 2007 amounts refer to the 2007 Combined Period; this is a Non-GAAP presentation.

Comdata revenue increased $23.7, or 7.6%, to $335.2 in 2007 from $311.5 in 2006. This increase was due to a $9.3 increase in the long haul business due to higher volume primarily driven by increased transactions on the Comdata Card and a higher average cost of fuel, a $8.4 increase in the local fleet business due largely to increased utilization by local fleet customers of the Comdata Card and private label products and services, and a $7.3 increase in regulatory compliance services due the addition of new business through an acquisition that was completed in the first quarter of 2007 and to an increase in transactions from new customers. Offsetting these increases was a reduction in revenue of $1.3 due to the effects of the Deferred Revenue Adjustment.

Comdata cost of revenue as a percent of revenue for 2007 increased to 36.6% compared to 32.1% in 2006. The increase was due to significant growth in revenue coming from a lower margin market segment, increased transaction based bank fees and customer rebates, increased payroll related costs due to an acquisition completed in the first quarter of 2007, increased intangible asset amortization expense related to the Merger as

well as the negative impact of the net result of the Deferred Revenue Adjustment and the Deferred Cost Adjustment.

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SG&A expense increased $30.0, or 45.1%, to $96.5 in 2007 compared to $66.5 in 2006. Selling expense increased $1.9 as a result of increases in sales commissions due to higher sales and general salary increases. General and administrative expense increased $28.1 due to allocated charges primarily for our evaluation of strategic alternatives, proxy-related and fees associated with pre-Merger costs incurred of $14.7, increased stock-based compensation expense of $7.9, increased intangible asset amortization expense of $5.8 related to acquisitions in the first quarter of 2007 and to the Merger, higher payroll costs as a result of merit increases, increased severance expenses incurred prior to the Merger and increased bad debt expense, partially offset by reduced legal fees and litigation expense of $7.8.

R&D expense increased $1.1, or 19.6%, to $6.7 in 2007 compared to $5.6 in 2006 primarily due to new project spending.

The net loss on the diesel fuel price derivative instruments in 2007 was $1.9 compared to $2.7 in 2006. The net losses for the respective periods are the result of the increase in diesel fuel prices in relation to the derivative instrument commodity price. During early 2007, we acquired diesel fuel price derivative instruments covering approximately 30% of our anticipated 2007 diesel fuel price related earnings exposure. During early 2006, we acquired diesel fuel price derivative instruments covering approximately 80% of our anticipated 2006 diesel fuel price related earnings exposure.

Other income, net in 2007 primarily reflects a $0.3 gain from the settlement of lawsuits. Other income, net in 2006 primarily reflects a $1.0 gain from the settlement of a lawsuit.

Comdata EBIT decreased $30.1 to $107.7, or 32.1% of revenue, in 2007 compared to $137.8, or 44.2% of revenue, in 2006. This was primarily due to higher cost of sales; increased allocated one-time charges related to evaluation of strategic alternatives, proxy-related costs, and the Merger; increased stock-based compensation expense; and increased payroll related costs and amortization related to acquisitions and the Merger; partially offset by reduced legal fees and litigation expense.

Year Ended December 31, 2006 Compared to December 31, 2005

Consolidated Results

	Amount		Increase (Decrease)		% of Revenue	
	2006	2005	$	%	2006	2005
Revenue	$ 1,565.1	$ 1,459.0	106.1	7.3	100.0	100.0
Cost of revenue	852.4	793.2	59.2	7.5	54.5	54.4
SG&A expense	440.1	449.5	(9.4)	(2.1)	28.1	30.8
R&D expense	28.6	28.7	(0.1)	(0.3)	1.8	2.0
Loss on derivative instruments	2.7	11.6	(8.9)	(76.4)	0.2	0.8
Other (income) expense, net	(10.5)	4.5	(15.0)	(330.6)	(0.7)	0.3
Interest income	(13.5)	(7.8)	(5.7)	71.8	(0.9)	(0.5)
Interest expense	6.0	5.5	0.5	7.3	0.4	0.4
Total costs and expenses	1,305.8	1,285.2	20.6	1.6	83.4	88.1
Earnings before income taxes	259.3	173.8	85.5	49.2	16.6	11.9
Income tax provision	85.7	45.9	39.8	86.8	5.5	3.1
Net earnings	$ 173.6	$ 127.9	45.7	35.7	11.1	8.8

Consolidated revenue increased $106.1, or 7.3%, to $1,565.1 in 2006 from $1,459.0 in 2005. HRS revenue increased $49.7 in 2006 primarily due to higher interest income on invested customer funds resulting from higher interest rates and increased customer float balances, higher customer employment levels, the strengthening of the

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Canadian dollar against the U.S. dollar and increased customer demand partially offset by incremental revenue deferrals. SVS revenue increased $28.0 primarily due to higher customer demand. Comdata revenue increased $28.4 in 2006 due to higher customer demand, the benefit of higher fuel prices and the impact of price increases. Results for our HRS, SVS and Comdata segments are discussed below under Business Segment Results.

Cost of revenue as a percent of revenue increased slightly to 54.5% in 2006 from 54.4% in 2005. This included increased costs in the HRS segment related to our government contracts and an increase in stock-based compensation expense, offset by increased interest income on invested customer funds without significant incremental costs and reduced costs through reorganization efforts principally in our HRS segment.

SG&A expense decreased $9.4, or 2.1%, to $440.1 in 2006 from $449.5 in 2005. This decrease was primarily due to cost savings resulting through reorganization efforts in our HRS segment, reductions in medical and post-retirement expenses and lowered pension expense primarily due to the pension remeasurement in 2006. These expense reductions were partially offset by increased stock-based compensation expense and general expense increases.

R&D expense decreased $0.1 to $28.6 in 2006 compared to $28.7 in 2005. External consulting costs were lower partially offset by increases in internal cost and increased stock-based compensation.

In 2006, the loss on derivative instruments amounted to $2.7 in 2006 compared to a loss of $11.6 in 2005. The decreased loss included the impact of a $2.3 loss from the sale of our interest rate derivative instruments in February 2005 while the remaining reduction of $6.6 million resulted from the diesel fuel derivative instruments.

Other (income) expense, net for 2006 primarily relates to gain on the sale of marketable securities, sale of other assets and gain from the settlement of a lawsuit. Other (income) expense, net in 2005 resulted from asset impairments, partially offset by gain on sale of marketable securities and other assets.

Interest income in 2006 increased $5.7 to $13.5 compared to $7.8 in 2005. The increase was driven by a higher average level of cash and equivalents and higher interest rates. Interest expense increased $0.5 in 2006 compared to 2005 primarily driven by higher average interest rates.

Income taxes increased $39.8 to $85.7 in 2006 compared to $45.9 in 2005. Our effective tax rate for 2006 was 33.0% compared to 26.4% for 2005. The effective tax rate for 2006 was favorably impacted by the expiration of the statute of limitations on an international tax contingency and a Canadian tax rate reduction. The statute expiration resulted in an $8.6 decrease in income tax expense. The Canadian tax rate change impacted our deferred income tax balance and reduced income tax expense by $2.8. The effective rate and income tax expense for 2005 were favorably impacted by a settlement of a tax matter that reduced income tax expense by $13.0, the settlement of an audit of a former affiliate that resolved our potential obligation that reduced our tax expense by $5.9, the expiration of the statute of limitations in various jurisdictions and other adjustments to our contingent tax liabilities that reduced income tax expense by $5.6. In addition, in 2005 we repatriated foreign earnings from Ceridian Canada under the American Jobs Creation Act of 2004 resulting in an additional tax expense of $5.2.

HRS

	Amount		Increase (Decrease)		% of Revenue	
	2006	2005	$	%	2006	2005
Revenue	$ 1,099.8	$ 1,050.1	49.7	4.7	100.0	100.0
Cost of revenue	630.0	602.9	27.1	4.5	57.3	57.4
SG&A expense	360.1	373.7	(13.6)	(3.6)	32.7	35.6
R&D expense	21.1	22.1	(1.0)	(4.6)	1.9	2.1
Loss on derivative instruments		2.3	(2.3)	(100.0)		0.2
Other (income) expense, net	(9.6)	4.5	(14.1)	(313.3)	(0.9)	0.4
EBIT	$ 98.2	$ 44.6	53.6	119.9	8.9	4.3

HRS revenue increased $49.7, or 4.7%, to $1,099.8 in 2006 compared to $1,050.1 in 2005. Revenue from U.S. operations increased $22.6, or 2.8%, from $799.8 to $822.4, revenue from the Canadian operations increased $24.5, or 15.5%, from $158.1 to $182.6, and revenue from the U.K. operations increased $2.6, or 2.8%, from $92.2 to $94.8.

The increase in revenue from U.S. operations in 2006 included a $26.2 increase in Payroll and Tax Services and a $2.9 increase from Benefit Services, partially offset by a $6.5 decrease in LifeWorks. The increase in Payroll and Tax Services revenue in 2006 was mainly driven by increases in interest income earned on invested customer funds of $20.2, of which $17.0 was from a higher average yield and $3.2 was from a higher average invested balance. The increase in Benefit Services revenue of $2.9 was primarily driven by increased customer employee participation and higher interest rates on invested customer funds. LifeWorks revenue decrease of $6.5 was primarily from a reduction in business volume and lower pricing due to the competitive environment.

The Canadian revenue increase of $24.5 included $11.3 due to the strengthening of the Canadian dollar against the U.S. dollar, $6.3 from additional interest income primarily resulting from a higher average invested balance, with the remainder of the increase attributed to growth in the payroll base and price increases. The U.K. revenue increase of $2.6 was due to the strengthening of the British Pound Sterling against the U.S. dollar and increased volume.

HRS cost of revenue as a percent of revenue decreased to 57.3% in 2006 from 57.4% in 2005 mainly due to increased interest income on invested customer funds without significant incremental costs and reduced costs through reorganization efforts principally in our Payroll and Tax Services business, offset by an increase in expenses related to our LifeWorks business and an increase in stock-based compensation expense of $2.6.

SG&A expense for HRS decreased $13.6, or 3.6%, to $360.1 in 2006 compared to $373.7 in 2005 resulting from a decrease of $11.6 in selling expense and of $2.0 in general and administrative expense. The decrease in selling expense of $11.6 was primarily the result of a U.S. Payroll reorganization and reduced headcount of approximately $16.0, partially offset by $1.8 from additional stock-based compensation expense, $1.3 due to the strengthening of the Canadian dollar against the U.S. dollar and general expense increases. The decrease in general and administrative expense of $2.0 was primarily due to a $5.7 reduction in medical and post-retirement expenses, a $4.8 reduction related to a pension remeasurement in the second quarter of 2006, a $4.7 reduction in severance charges and reduced professional fees of $3.4, partially offset by $8.5 of additional stock-based compensation expense, $2.9 due to the strengthening of the Canadian dollar and British pound sterling against the U.S. dollar, $0.9 related to legal accruals and the remaining due to compensation and benefit increases.

R&D expense for HRS decreased $1.0, or 4.6%, to $21.1 in 2006 compared to $22.1 in 2005. This decrease was a result of a large consulting project in 2005 that was not duplicated in 2006 partially offset by additional stock-based compensation expense of $0.5 in 2006.

We maintained interest rate derivatives for the purpose of mitigating interest rate risk on customer funds until February 2005. In the first quarter of 2005, we recorded a loss of $2.3 associated with the disposition of these derivative instruments. We held no interest rate derivatives in 2006.

Other (income) expense, net for 2006 primarily relates to a $5.8 gain on the sale of a major portion of our 401(k) recordkeeping and administration business and a gain on sale of marketable securities and other assets of $3.4. Other (income) expense, net in 2005 resulted from asset impairments of $9.1, partially offset by a $4.3 gain of sale of marketable securities and other assets.

HRS EBIT increased $53.6, or 119.9%, to $98.2 or 8.9% of revenue in 2006 compared to $44.6 or 4.3% of revenue in 2005. The increase was primarily due to an improvement in operating performance in the U.S. HRS business driven by increased revenue, higher other income and a reduction in SG&A expenses.

SVS

	Amount		Increase (Decrease)		% of Revenue	
	2006	2005	$	%	2006	2005
Revenue	$ 153.8	$ 125.8	28.0	22.3	100.0	100.0
Cost of revenue	122.6	100.0	22.6	22.6	79.7	79.6
SG&A expense	13.5	6.8	6.7	98.5	8.8	5.4
R&D expense	1.9	1.0	0.9	99.6	1.2	0.8
EBIT	$ 15.8	$ 18.0	(2.2)	(12.2)	10.3	14.3

SVS revenue increased $28.0, or 22.3%, to $153.8 in 2006 from $125.8 in 2005. The increase was primarily due to higher levels of retail cards in use, greater transaction volume and the acquisition of HQ Giftcards, LLC (HQ Giftcards), a provider of mall gift card program management services, in the fourth quarter of 2006. SVS revenue is generally deferred and recognized largely over a six-month period following the activation of a card, which typically takes place about seven months after the shipment of the card to the retailer. Cards delivered increased 15.6% while transactions processed increased approximately 16.5% in 2006 over 2005.

SVS cost of revenue as a percent of revenue for 2006 increased to 79.7% compared to 79.6% in 2005 due to increased vendor card costs.

SG&A expense increased $6.7 to $13.5 in 2006 compared to $6.8 in 2005. The increase is due to higher stock based compensation expenses, higher legal fees and litigation accruals, and an increase in selling expense due to growth in revenue and an increase in amortization expense related to acquisitions, partially offset by a reduction in medical and post-retirement expenses, a reduction in pension expense related to the pension remeasurement in the second quarter of 2006 and reduced other professional fee expenses.

R&D expense increased $0.9 to $1.9 in 2006 compared to $1.0 in 2005 primarily due to staffing additions to develop new service offerings.

SVS EBIT decreased $2.2 or 12.2%, to $15.8 or 10.3% of revenue in 2006 compared to $18.0 or 14.3% of revenue in 2005. This decrease was primarily due to the increases in SG&A expenses mainly due to higher legal fees and litigation expense as well as increased amortization expense related to acquisitions partially offset by increased revenue.

Comdata

	Amount		Increase (Decrease)		% of Revenue	
	2006	2005	$	%	2006	2005
Revenue	$ 311.5	$ 283.1	28.4	10.0	100.0	100.0
Cost of revenue	99.8	90.3	9.5	10.5	32.1	31.8
SG&A expense	66.5	69.0	(2.5)	(3.6)	21.3	24.4
R&D expense	5.6	5.6			1.8	2.0
Loss on derivative instruments	2.7	9.3	(6.6)	(70.6)	0.9	3.3
Other income, net	(0.9)		(0.9)	NM	(0.3)	
EBIT	$ 137.8	$ 108.9	28.9	26.5	44.2	38.5

NM represents comparisons that are not meaningful to this analysis.

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Comdata revenue increased $28.4, or 10.0%, to $311.5 in 2006 from $283.1 in 2005. This increase related primarily to revenue from the long haul business, which increased $14.9, including a $5.0 increase resulting from higher fuel prices. The remaining long haul revenue increase of $9.9 primarily resulted from an increase in transaction volume in 2006 over 2005, reflecting in part the continued growing use of the Comdata Card. Local fleet revenue increased $8.6 due to $7.2 from new customers and greater utilization by major local fleet customers of Comdata s products and services, including the Comdata Card and a $1.4 increase resulting from higher fuel prices. The remaining increase of $4.9 is primarily from regulatory compliance services which increased $5.2 due largely to price increases and improved delivery of services.

Comdata cost of revenue as a percent of revenue for 2006 increased to 32.1% compared to 31.8% in 2005. Cost of revenue included an increase in stock-based compensation expense. Cost of revenue as a percent of revenue was reduced by the benefit from higher fuel prices without significant incremental cost.

SG&A expense decreased $2.5, to $66.5 in 2006 compared to $69.0 in 2005. The decrease is due to a reduction in bad debt expense of $6.1 due to higher charges in 2005, a reduction in medical and postretirement expenses, a reduction in pension expense related to the pension remeasurement in the second quarter of 2006, and reduced other professional fee expenses. This was partially offset by litigation accruals, an increase in selling expense due to growth in revenue and increased stock-based compensation expense.

R&D expense remained flat at $5.6 in 2006 in comparison to 2005.

The net loss on the diesel fuel price derivative instruments in 2006 was $2.7 compared to $9.3 in 2005. The net losses for the respective periods are the result of the increase in diesel fuel prices in relation to the derivative instrument commodity price. During late 2005 and early 2006, we acquired diesel fuel price derivative instruments covering approximately 80% of our anticipated 2006 diesel fuel price related earnings exposure with an average strike price of $2.55 per gallon. During 2005, we covered approximately 100% of our diesel fuel price risk for the full year with a combination of instruments with an average strike price of $1.92 per gallon.

Other income, net primarily reflects a $1.0 gain from the settlement of a lawsuit.

Comdata EBIT increased $28.9, or 26.5%, to $137.8 or 44.2% of revenue in 2006 compared to $108.9 or 38.5% of revenue in 2005 primarily due to a continued increase in customer demand, the benefit of higher fuel prices, and the reduced loss on diesel fuel price derivative instruments partially offset by increased litigation accruals.

Balance Sheets

Our consolidated balance sheets reflect operating assets and liabilities, as well as assets and liabilities related to customer funds. Customer funds assets primarily arise from amounts that our customers have advanced to us to pay their employees, remit to taxing authorities, or pay for benefits services to other third parties. Customer funds obligations primarily represent our liability to pay the amounts due to these third parties on behalf of our customers. Substantially all customer funds assets are held in trust accounts and are invested almost exclusively in high-quality collateralized short-term investments or money market mutual funds and are not utilized in our operations except that earnings from those investments that are included in our revenue.

As a result of the October 31, 2008 and December 3, 2008 distributions discussed below, we had as of December 12, 2008, $141.8 of customer funds and $21.2 of our corporate funds invested in the Reserve Fund money market fund. In September 2008, we had $670.0 of customer funds and $100.0 of corporate funds invested in the Reserve Fund, which at the time of our investment was a triple A rated money market fund and as of September 15, 2008 had over $62,000.0 in assets. On the morning of September 16, 2008 and at a time when the Reserve Fund s announced net asset value was $1.00 per share, we requested redemption of all of our shares

in the fund. Subsequent to our request, the Reserve Fund announced that its net asset value had fallen below $1.00 per share (as a result of the Reserve Fund valuing at zero $785.0 face value of debt issued by Lehman Brothers Holdings Inc. which filed for bankruptcy protection on September 15, 2008). The Reserve Fund initially suspended redemptions and then delayed distributions pending its liquidation. On December 3, 2008, the Board of Trustees of the Reserve Fund adopted a formal Plan of Liquidation and Distribution of Assets.

As the result of distributions made by the Reserve Fund on October 31, 2008 and December 3, 2008, we have received an aggregate of $528.2 of customer funds and $78.8 of corporate funds, or approximately 78.8% of our total Reserve Fund investment balance. In connection with these distributions, the Reserve Fund stated all investors were treated the same regardless of the timing of their original redemption request. In its Plan of Liquidation and Distribution of Assets, the Reserve Fund stated that additional distributions will be made as the Reserve Fund accumulates cash either through the maturing of the Reserve Fund s assets or their sale, subject to a retention of an unspecified amount for a special reserve which will be used to satisfy disputed claims against the Reserve Fund and related expenses. Any excess is to be distributed to fund shareholders. Based upon the Reserve Fund s disclosed holdings, the underlying investments in the Reserve Fund are scheduled to mature through fiscal 2009. We cannot assure you when we will recover the remaining portion of our invested funds or the exact amount we will ultimately recover. We will, however, continue to pursue our collection of these funds and consider any and all available remedies in the event we do not recover the full amount of our invested funds.

We do not expect the suspended or delayed distributions by the Reserve Fund to affect our liquidity. We have taken an aggregate asset write-down of $11.5, of which $10.2 is other than temporary, in connection with our investments in the Reserve Fund as of September 30, 2008. In addition, we reclassified cash and cash equivalents of $98.5 as short-term investments with respect to our corporate funds at September 30, 2008. Additional information on customer funds assets and liabilities can be found in Note 5, Customer Funds, to our audited consolidated financial statements.

Total assets before customer funds increased $198.6 during the first nine months of 2008 as current assets increased $325.5 and noncurrent assets decreased $126.9. Our current asset increase was due to an increase of $85.4 in cash and equivalents, an increase of $98.5 in trade and other receivables, net, due primarily to growth in our Comdata and SVS businesses, an increase in short-term investments of $98.5 due to our reclass of our corporate Reserve Fund investments from cash and equivalents, and an increase of $39.2 in prepaid assets primarily due to an increase in deferred costs. We discuss changes in cash and equivalents below in Cash Flows. The noncurrent asset decrease was largely due to the amortization of other intangible assets.

Total assets before customer funds increased $3,774.0 during 2007 as current assets decreased $133.7 and noncurrent assets increased $3,907.7. The increase in noncurrent assets was driven by an increase of $2,552.1 in goodwill and $1,338.8 in intangible assets primarily as a result of the application of purchase accounting related to the Merger. Our current assets decrease was due to a decrease in cash and equivalents of $196.1 partially offset by an increase of $121.6 in trade and other receivables, net due to growth in our Comdata and SVS businesses. We discuss changes in cash and equivalents below in Cash Flows.

Current liabilities increased $341.0 during the first nine months of 2008, due mainly to an increase in short-term debt and current portion of long-term obligations of $218.3 and an increase in deferred revenue of $78.0. The increase in short-term debt and current portion of long-term obligations was due to borrowings on our revolving credit facility and the increase in deferred revenue was largely due to the customer billings subsequent to the Merger that require deferral treatment due to our revenue recognition accounting policy.

Current liabilities decreased $76.2 during 2007 due mainly to a decrease in deferred revenue of $109.3 primarily due to the application of purchase accounting. Noncurrent liabilities increased $3,754.5 due primarily to the increase in debt of $3,448.2 that was used in the financing of the Merger. Stockholders equity increased $116.2 as we received $1,544.5 in net additional paid in capital as a result of the Merger, which was offset by the elimination of the preexisting stockholder s equity prior to the Merger.

Cash Flows

Consolidated Statements of Cash Flows Highlights

	Successor		Predecessor		
	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
Operating activities	$ 26.7	$ (50.7)	$ 208.4	$ 161.7	$ 299.3
Investing activities	(139.2)	(4.8)	(50.1)	(74.1)	(43.1)
Financing activities	198.2	(302.1)	3.0	(157.2)	(129.8)
Effect of exchange rate on cash	(0.3)	(1.0)	1.2	1.4	2.2
Net cash flows provided (used)	85.4	$ (358.6)	$ 162.5	$ (68.2)	$ 128.6
Cash and equivalents at end of period	$ 184.0	$ 98.6	$ 457.2	$ 294.7	$ 362.9

Operating Activities

Cash flows from operating activities provided cash of $26.7 in the first nine months of 2008 primarily driven by earnings adjusted for depreciation and amortization of $71.9, partially offset by cash outflows from a deferred income tax provision benefit of $48.1. Cash flows from operating activities provided cash of $173.7 in the first nine months of 2007 primarily due to net earnings and the adjustment for depreciation and amortization of $190.2 partially offset by cash outflows from working capital.

Cash flows from operating activities in 2007 provided cash of $157.7 compared to the cash provided of $161.7 for 2006. The decrease of $4.0 in operating cash flows in 2007 compared to 2006 largely reflected in a reduction net earnings of $90.5 partially offset by a pension contribution of $75.0 in 2006 that was not repeated in 2007.

Cash flows from operating activities in 2006 provided cash of $161.7 compared to cash provided of $299.3 for 2005. The decrease of $137.6 in operating cash flows in 2006 compared to 2005 largely reflected the $75.0 contribution to the U.S. defined benefit pension plan and an increase in working capital requirements of $113.6 primarily due to higher fuel prices and extended payment terms for customers at Comdata, partially offset by higher earnings in 2006 compared to 2005 and an increase in deferred revenue.

Investing Activities

	Successor		Predecessor		
	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
Capital expenditures	$ (36.6)	$ (8.1)	$ (54.0)	$ (53.0)	$ (64.2)
Reclassification to short term investments from cash & cash equivalents	(98.5)				
Acquisitions of investments and businesses	(4.5)		(10.4)	(41.1)	(10.4)
Proceeds from sales of businesses and assets	0.4	3.3	14.3	20.0	31.5

Net cash flows used	$ (139.2)	$ (4.8)	$ (50.1)	$ (74.1)	$ (43.1)

Cash flows from investing activities used cash of $139.2 for the first nine months of 2008, compared to cash used of $44.5 for the first nine months of 2007. During the first nine months of 2008, we had short-term investment of $98.5 in the Reserve Fund that was previously classified as a cash equivalent as it was no longer

readily convertible to cash and our capital expenditures included $18.4 for property and equipment and $18.2 for technology. During the first nine months of 2007, our capital expenditures included $30.3 for property and equipment and $17.0 for technology.

During 2007, cash outflow from investing activities was $54.9. Our capital expenditures included $37.1 for property and equipment and $25.0 for technology costs. Our expenditures for acquisitions of investments and businesses (net of cash acquired) were $10.4 primarily for one acquisition in Comdata for $9.9. Cash inflows from sales of businesses and assets amounted to $17.6 primarily from sales of our marketable securities, a sale of payroll platform in our HRS business segment and receipt of a contingent payment on a prior period sale.

During 2006, our capital expenditures included $30.3 for property and equipment and $22.7 for technology costs. Our expenditures for acquisitions of investments and businesses (net of cash acquired) were $41.1 for two acquisitions in the fourth quarter of 2006. Cash inflows from sales of businesses and assets amounted to $20.0 primarily from $11.1 related to the sale of the major portion of our 401(k) recordkeeping and administration business in our HRS business segment in the third quarter of 2006 as well as the sale of marketable securities.

During 2005, our capital expenditures included $31.4 for property and equipment and $32.8 for technology costs. Our expenditures for acquisitions of investments and businesses (net of cash acquired) included the purchase of Tranvia, Inc., a provider of merchant card processing services, by Comdata for $8.2 and $1.8 in contingent payments made for previous acquisitions. Cash inflows from sales of businesses and assets amounted to $31.5 including $21.0 from the disposition of our HRS interest rate derivative instruments, $7.8 from the sale of land and $2.7 from the sale of marketable securities.

Financing Activities

	Successor		Predecessor		
				Year Ended December 31,	
	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	2006	2005
Revolving credit facilities and overdrafts, net	$ 202.1	$	$ (94.0)	$ (7.5)	$ 11.5
Repayment of other long-term obligations	(3.9)	(1.7)	(9.1)	(5.8)	(11.2)
Tax benefits from stock-based compensation			30.7	22.1	
Deferred Financing Fees	(1.5)				
Proceeds from stock option exercises			75.4	150.8	92.2
Acquisition of Ceridian Corporation		(5,305.3)			
Repurchase of common stock				(316.8)	(222.3)
Proceeds from debt issuance		3,550.0			
Payment of debt issuance costs		(84.8)			
Payment of equity issuance costs		(60.3)			
Stock issuance	1.5	1,600.0			
Net cash flows provided (used)	$ 198.2	$ (302.1)	$ 3.0	$ (157.2)	$ (129.8)

Cash flows from financing activities provided cash of $198.2 in the first nine months of 2008, primarily driven by $200.00 of borrowings on our revolving credit facility. Cash flows from financing activities provided cash of $65.7 for the first nine months of 2007, largely due to proceeds from exercises of stock options amounting to $72.6.

Net cash outflows from financing activities totaled $299.1 in 2007. We issued long-term debt of $3,550.0 and issued stock for $1,600.0 related to the Merger. We paid $5,305.3 for the acquisition of Ceridian Corporation common stock. We repaid our pre-existing outstanding long-term obligations before the Merger; paid $84.8 for debt issuance costs associated with the Merger, paid $60.3 for equity issuance costs, including a payment of

$55.8 to the Sponsors; and made principal payments of $4.4 on capital leases and $6.4 on a royalty obligation during 2007. The benefit of tax deductions in excess of that recognized on share-based compensation expense is classified as a financing cash flow, and accordingly, $30.7 was reclassified from operating activities in accordance with the requirements of SFAS 123R. Proceeds from exercises of stock options and sales of stock to employees amounted to $75.4.

Net cash outflows from financing activities amounted to $157.2 in 2006. Included in revolving credit facilities and overdrafts, net are payments of $29.6 on our $250.0 revolving credit facility offset by borrowings of $27.0 on our Comdata receivables securitization facility to fund the acquisition of HQ Giftcards. We made principal payments of $4.9 on capital leases and $5.8 on a guaranteed minimum royalty obligation during 2006. We repurchased 13,046,500 shares of our common stock for $316.8 on the open market at an average net price of $24.27 per share. The benefit of tax deductions in excess of that recognized on share-based compensation expense is classified as a financing cash flow, and accordingly, $22.1 was reclassified from operating activities in accordance with the requirements of SFAS 123R. Proceeds from exercises of stock options and sales of stock to employees amounted to $150.8.

Our financing activities in 2005 resulted in cash outflows of $129.8. In connection with the repatriation of funds from Ceridian Canada to the United States, Ceridian Canada borrowed $40.6 under the Ceridian subfacility of our 2005 revolving credit facility. We reduced the amount outstanding on our Comdata receivables securitization facility by $20.0 and the Ceridian U.K. overdraft facility by $9.0 of which $8.3 was attributable to debt reduction and $0.7 was due to the foreign currency translation effect. In connection with the sale of our SourceWeb Assets in 2004, we accrued a liability of $19.2 representing the fair value of an associated guaranteed future minimum royalty obligation. We made principal payments of $5.3 related to the minimum royalty obligation during 2005. During 2005, we repurchased 10,736,450 shares of our common stock on the open market or from private parties at an average net price of $20.71 per share, resulting in financing cash outflows of $222.3 for settled trades. Proceeds from exercises of stock options and employee stock plan purchases amounted to $92.2 during 2005.

For further information on financing cash flows, see Note 9, Financing, to our audited consolidated financial statements and below under Liquidity and Capital Resources.

Liquidity and Capital Resources

We expect to meet our liquidity needs, including during the next 12 months, from existing cash balances, cash flows from operations and borrowings under our senior secured credit facilities. We expect to use our cash flows for interest payments, capital expenditures, investments in technology, potential acquisitions of complementary businesses to our existing operations, repayment or repurchase of debt, and payment of dividends on preferred stock. Cash balances and cash flows are discussed under the section of this discussion entitled Cash Flows. Cash flows from operations are primarily influenced by the same factors that influence revenue and expense as discussed above in Results of Operations.

As of September 30, 2008, 30,056,997 shares of preferred stock of Ceridian Intermediate were issued and outstanding at $10 par value. This preferred stock has a 13% cumulative dividend rate and we expect to fund the payment in future periods at the request of Ceridian Intermediate. As of September 30, 2008, Ceridian Intermediate had accumulated unpaid dividends of $36.5.

At September 30, 2008, we were in compliance with the covenants under our senior secured credit facilities and the indenture governing our senior notes.

At September 30, 2008, we had $200.0 outstanding on our revolving credit facility.

Pursuant to the registration rights agreement executed in connection with the original issuance of our senior notes, commencing on November 9, 2008 and through the date of the completion of the exchange offer, we will

pay additional interest on our senior notes at a rate of 0.25% per annum, increasing at a rate of 0.25% per annum for each 90 day period the notes remain unregistered, up to a maximum of 1% per annum. The additional interest in the first 90 day period would be approximately $0.8.

We or any of our affiliates may also, from time to time depending on market conditions and prices, contractual restrictions, our financial liquidity and other factors, seek to repurchase our senior notes or our term loans under our senior secured credit facilities in open market purchases, privately negotiated purchases or otherwise. The amounts involved in any such transactions, individually or in the aggregate, may be material and may be funded from available cash or from additional borrowings.

We have elected to pay interest on our senior toggle notes in cash for the interest period ending May 14, 2009.

Merger

In connection with the Merger, we executed the following financing arrangements: the senior secured credit facilities, the 11 $^{1}/4$% senior notes due 2015 and the 12 $^{1}/4$%/13% senior toggle notes due 2015. These financial arrangements are summarized below. In addition, prior to the consummation of the Merger, we terminated our previous financing arrangements: the $250.0 revolving five-year credit facility dated November 18, 2005 and the $150.0 Comdata Receivables Securitization Facility. In connection with the debt issuance, we paid $84.8, of which $66.9 was recorded as deferred financing fees and $17.9 as a debt discount. The debt discount and deferred financing fees will be amortized using the interest method over the term of the related debt.

Successor

Long-Term Debt

We incurred a substantial amount of indebtedness in connection with the Transactions. As of September 30, 2008, we had $3,754.0 of debt outstanding, including $200.00 of debt outstanding under our senior secured revolving credit facility. As of December 12, 2008, we had no amounts outstanding under the senior secured revolving credit facility.

The senior secured credit facilities that we entered into in connection with the Transactions consist of

- a revolving credit facility of up to $300.0 in revolving credit loans, swingline loans and letters of credit; and

- a term loan facility of $2,250.0, the entire amount of which was drawn concurrently with the consummation of the Transactions.

In addition to the $300.0 available under our revolving credit facility as of December 12, 2008, we may, at our option and subject to certain conditions, increase the amount of indebtedness we incur under our senior secured credit facilities through additional term loan borrowings or additional availability under our revolving credit facility in an aggregate amount not to exceed $300.0 without the consent of any person other than the institutions agreeing to provide all or any portion of such increase.

We also issued in connection with the Transactions $1,300.0 in aggregate principal amount of notes. For more information on the notes, see Description of the Notes.

For more information relating to our senior secured credit facilities see Description of Other Indebtedness Our ability to comply with our covenants under those facilities can be affected by events beyond our control. A breach of any covenant contained in either our senior secured facilities or the indenture governing the notes could result in a default under those agreements. If any such default occurs, the lenders under our senior secured credit facilities or the holders of the notes may elect (after the expiration of any applicable notice or grace periods) to

declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. In addition, a default under the indenture governing the notes would cause a default under the senior secured credit facilities, and the acceleration of debt under the senior secured credit facilities or the failure to pay debt when due would cause a default under the indenture governing the notes (assuming the amount of that debt is in excess of $50.0). The lenders under our senior secured credit facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Both the senior secured credit facilities and the indenture governing the notes restrict our ability to incur or guarantee additional debt or issue certain preferred stock; pay dividends or make distributions on our capital stock or redeem, repurchase or retire our capital stock or subordinated and certain other debt; make certain investments; create liens on our or our subsidiary guarantors assets to secure debt; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries that are not guarantors of the notes; make capital expenditures; enter into transactions with affiliates; merge or consolidate with another person or sell or otherwise dispose of all or substantially all of our assets; sell assets, including capital stock of our subsidiaries; alter the business that we conduct; and designate our subsidiaries as unrestricted subsidiaries.

If we fail to make any required payment under our senior secured credit facilities or to comply with any of the financial and operating covenants included in the senior secured credit facilities, we will be in default. Lenders under such facilities could then vote to accelerate the maturity of the indebtedness and foreclose upon our and our subsidiaries assets securing such indebtedness. Other creditors might then accelerate other indebtedness. If any of our creditors accelerate the maturity of their indebtedness, we may not have sufficient assets to satisfy our obligations under the senior secured credit facilities or our other indebtedness, including the notes offered hereby. In addition, a default under the indenture governing the notes would cause a default under the senior secured credit facilities, and the acceleration of debt under the senior secured credit facilities or the failure to pay that debt when due would cause a default under the indenture governing the notes (assuming the amount of that debt is in excess of $50.0). The lenders under our senior secured credit facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Further, following an event of default under our senior secured credit facilities, the lenders under these facilities will have the right to proceed against the collateral granted to them to secure that debt, which includes the available cash of our subsidiaries that guarantee the senior secured credit facilities. If the debt under our senior secured credit facilities or the notes offered hereby were to be accelerated, our assets may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration.

Our liquidity requirements increased significantly as a result of the Transactions, primarily due to the increased debt service requirements and financing costs relating to the indebtedness incurred in connection with the Transactions.

Fair Value of Debt

Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities, the fair value of long-term debt is $3,304.8 at December 31, 2007 and the carrying value is $3,532.1.

Priority of Debt

In the event of liquidation, the senior secured credit facilities have priority over the notes with respect to the proceeds of collateral.

Other Debt Financing

At December 31, 2007, Ceridian U.K. maintained two overdraft facilities totaling £7.5 million. There were no amounts outstanding as of December 31, 2007. The £6.5 million overdraft facility has been extended to March 2009 and the £1.0 million overdraft facility expired in March 2008. Our practice has been to renew these facilities on an annual basis.

In addition to the facilities described in this section above, Ceridian Canada had available at December 31, 2007 a committed bank credit facility that provided up to CDN $5.0 million for issuance of letters of credit and it is renewed annually at the option of the bank. The amounts of letters of credit outstanding under this facility were CDN $3.7 million ($3.7) at December 31, 2007.

Capital Lease Obligations

Our capital lease obligations are $2.6 at December 31, 2007. The remaining payments are due in 2008.

Predecessor

Revolving Credit Facility

The domestic revolving credit facility that we entered into on November 18, 2005 (2005 Revolving Credit Facility) provided up to $250.0 (subject to possible increase, at our request as authorized by our Board of Directors and upon bank approval, up to $400.0) in a combination of advances and letters of credit until November 18, 2010. This facility included a sublimit for $25.0 for swingline loans, a $100.0 U.S. dollar equivalent sublimit for loans made in Canadian dollars to Ceridian Canada (Canadian subfacility), and a $50.0 U.S. dollar equivalent sublimit for multicurrency borrowings in certain currencies. The Canadian subfacility was used to meet the ongoing working capital, capital expenditures and general corporate needs of Ceridian Canada. The interest rate on the Canadian subfacility was the Eurocurrency Rate plus 115.0 basis points. As of December 31, 2006, there were no borrowings against this subfacility. Advances under the 2005 Revolving Credit Facility were unsecured. The terms of the 2005 Revolving Credit Facility required that our consolidated debt must not exceed 50% of our consolidated net worth, as defined in the agreement, as of the end of any fiscal quarter and the ratio of earnings before interest and taxes to interest expense on a rolling four quarter basis must be at least 2.75 to 1. The 2005 Revolving Credit Facility also contained covenants that, among other things, limit liens, subsidiary debt, contingent obligations, operating leases, minority equity investments and divestitures. The 2005 Revolving Credit Facility was terminated prior to the Merger.

Ceridian Canada s net borrowing under the Canadian subfacility was repaid as of September 30, 2007, and $11.6 was outstanding as of December 31, 2006. The carrying amount approximated fair value.

Comdata Receivables Securitization Facility

In June 2007, Comdata renewed its existing $150.0 receivables securitization facility by amending the agreements to extend the maturity date to June 12, 2010 with similar terms. Under this facility, Comdata sold receivables to a special purpose subsidiary, Comdata Funding Corporation, which resold the receivables to a third party commercial paper conduit (Conduit). The interest rate paid by Comdata was typically equal to the Conduit s pooled A-1/P-1 commercial paper rate (5.9% at September 30, 2007) plus program fees. However, in the event the Conduit was unable to sell commercial paper, the rate becomes the Prime rate or LIBOR plus 1.5% at Comdata s option. The amount outstanding at December 31, 2006 was $82.0. The carrying amount approximated fair value. The aggregate amount of receivables serving as collateral amounted to $307.1 at December 31, 2006. The amount outstanding is accounted for as long-term debt and the receivables remain on our consolidated balance sheet even though the receivables, up to the amount outstanding, are not available to satisfy claims of creditors. This facility was subject to financial covenants similar to those included in the 2005 Revolving Credit Facility. Amounts outstanding under this facility were repaid and the facility was terminated prior to the Merger.

Equity Activities

In the period from January 1 to November 9, 2007, we did not repurchase any of our common stock on the open market. During 2006, we repurchased 13,046,500 shares of our common stock for $316.7 on the open market at an average net price of $24.27 per share.

We issued 3,998,858 shares in the period from January 1 to November 9, 2007, in connection with the exercise of stock options and granting of restricted stock awards from treasury stock at a cost of $94.3 and a

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weighted average price of $23.58 per common share. For the twelve months ended December 31, 2006, we issued 8,656,078 shares in connection with the exercise of stock options and granting of restricted stock awards from treasury stock at a cost of $196.1 and weighted average price of $22.66 per common share.

Other Debt Financing

At December 31, 2006, Ceridian U.K. maintained two overdraft facilities totaling £7.5 million. There were no amounts outstanding as of December 31, 2006. The £6.5 million overdraft facility has been extended to March 2009 and the £1.0 million overdraft facility expired in March 2008. Our practice has been to renew these facilities on an annual basis.

In addition to the facilities described above in this section, Ceridian Canada had available at December 31, 2006 a committed bank credit facility that provided up to CDN $5.0 million for issuance of letters of credit and it is renewed annually at the option of the bank. The amounts of letters of credit outstanding under this facility were CDN $3.9 million ($3.3) at December 31, 2006.

Capital Lease Obligations

Our capital lease obligations were $6.9 at December 31, 2006.

Financial Covenant Compliance

Our senior secured credit facilities contain a covenant that requires Ceridian, the U.S. Borrower, and its restricted subsidiaries to maintain a maximum ratio of adjusted consolidated secured debt to EBITDA (as defined in and calculated under the senior secured credit facilities (Credit Facility EBITDA)) of 6.5 to 1.0, calculated for the trailing four quarters (as determined under our senior secured credit facilities), commencing with the three months ended December 31, 2008. For the test periods commencing:

(1) between January 1, 2008 and September 30, 2009, the maximum ratio is 6.50 to 1.0;

(2) between October 1, 2009 and September 30, 2010, the maximum ration is 6.25 to 1.0;

(3) between October 1, 2010 and September 30, 2011, the maximum ration is 6.00 to 1.0;

(4) between October 1, 2011 and September 30, 2012, the maximum ration is 5.75 to 1.0;

(5) between October 1, 2012 and September 30, 2013, the maximum ration is 5.50 to 1.0;

(6) between October 1, 2013 and September 30, 2014, the maximum ration is 5.25 to 1.0;

(7) after October 1, 2014, the maximum ratio is 5.00 to 1.0.

Failure to comply with this covenant would result in an event of default under our senior secured credit facilities unless waived by our senior secured lenders. An event of default under our senior secured credit facility can result in the acceleration of our indebtedness under the facilities, which is turn would result in an event of default and possible acceleration of our indebtedness under the indenture governing our senior notes and other debt. As our failure to comply with the covenant described above can cause us to go into default under the agreements governing our indebtedness, management believes that our senior secured credit facilities and this covenant are material to us. As of September 30, 2008, we were in compliance with the covenant described above.

We also measure the ratio of adjusted consolidated total debt to Credit Facility EBITDA because our senior secured credit facilities contain a provision which will result in a decrease of the applicable interest rate of 0.25% if the ratio is lower than 6.25.

For the purposes of calculating Credit Facility EBITDA, the agreement covering our senior secured credit facilities permits us to give pro forma effect to among other things operating expense reductions projected in good faith to result from operational changes occurring within 27 months of the Acquisition. Based on projected expense reductions relating to our four point cost reduction plan, for the quarter ended September 30, 2008, we included a $100.0 million pro forma adjustment in determining Credit Facility EBITDA.

EBITDA as presented in the table below is defined as net income plus interest expense, income taxes, depreciation and amortization. EBITDA is a measure used by management to measure operating performance. EBITDA is also used by investors to measure a company s ability to service its debt and meet its other cash needs. Management believes EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management. In addition, EBITDA provides more comparability between the historical results of Ceridian and operating results that reflect purchase accounting and the new capital structure.

Credit Facility EBITDA further adjusts EBITDA to exclude unusual items and other adjustments required or permitted in calculating covenant compliance under the indentures governing the notes and our new senior secured credit facilities. Credit Facility EBITDA is also used by management to measure operating performance and by investors to measure a company s ability to service its debt and meet its other cash needs. Management believes that the adjustments made in presenting Credit Facility EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future.

EBITDA and Credit Facility EBITDA are not recognized terms under GAAP. Accordingly, they should not be used as indicators of, or alternatives to, operating income and net income as measures of operating performance or cash flow from operating activities as a measure of liquidity. Additionally, EBITDA and Credit Facility EBITDA are not intended to be measures of free cash flow available for management s discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA and Credit Facility EBITDA have limitations as analytical tools, and people who use the financial statements should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Because the definitions of EBITDA and Credit Facility EBITDA (or similar measures) may vary among companies and industries, they may not be comparable to other similarly-titled measures used by other companies. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone.

The senior secured credit facilities agreement requires a calculation of Credit Facility EBITDA for the trailing four quarters on a quarterly basis. The following is a reconciliation of our net loss, for the trailing four quarters ending September 30, 2008, to Credit Facility EBITDA as defined above per our senior secured credit facilities:

	Trailing Four Quarters Ended September 30, 2008	
Net Income	$	(103.3)
Interest income		(10.0)
Interest expense		274.7
Income tax provision		33.8
Depreciation and amortization		167.2
EBITDA		294.8
Transaction costs[a]		33.9
Stock-based compensation		31.7
Purchase accounting impacts[b]		48.7
Severance[c]		6.0
Foreign currency remeasurement loss[d]		13.0
Customer fund/cash equivalent investment write-downs[e]		17.5
Litigation costs[f]		4.0
Restructuring[g]		11.5
Pro forma adjustments for operational changes[h]	$	100.0
Other[i]		6.4
Credit Facility EBITDA	$	567.5

(a) Transaction costs primarily consist of expenses related to the evaluation of strategic alternatives, our 2007 proxy statement and related items and fees associated with pre-Merger costs incurred.

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(b) Purchase accounting impacts primarily relate to the impacts of the Deferred Revenue Adjustment and Deferred Cost Adjustment.

(c) Primarily consists of expenses associated with the termination of senior executives or other workforce reductions.

(d) To facilitate the Merger, we placed $110.0 of U.S. dollar denominated debt in Ceridian Canada which will be repaid through payments from a legal entity with a functional currency in Canadian dollars. This amount represents the foreign currency remeasurement loss incurred.

(e) Represents the permanent write-downs of our customer fund investment in Canada and our customer fund and corporate investments in the Reserve Fund.

(f) Represents charges for legal settlements and litigation costs.

(g) Represents charges for restructuring.

(h) Represents the amount of annualized expense reductions anticipated as a result of operational changes made as part of our four point cost reduction plan projected by us in good faith as permitted to be added by the credit agreement governing our senior secured credit facilities. See also Overview, Operating Improvement Plan for discussion regarding our four point cost reduction plan.

(i) This amount includes charges for the Sponsors management fees, costs related to our operating improvement plan and employee retention costs.

Contractual Obligations

The table below describes the future cash payments for which we are obligated under our financing agreements, capital and operating lease agreements, guaranteed purchase obligations and retirement plans as of December 31, 2007, whether they appear on our consolidated balance sheet. Variable interest payments are projected based on interest rates in effect at the end of 2007.

	Payments due by period				
	Less than one year	1-3 Years	3-5 Years	More than 5 years	Total
Long-term debt	$	$ 45.0	$ 67.6	$ 3,437.4	$ 3,550.0
Capital leases	2.6				2.6
Operating leases	46.1	69.8	40.8	59.7	216.4
Interest payable on long-term debt	336.4	669.8	661.3	935.1	2,602.6
Purchase obligations	19.3	5.0	0.8		25.1
Postretirement plan obligations	4.4	9.3	9.6	33.6	56.9
Retirement plan obligations	3.2	5.5	3.9	9.4	22.0
Total	$ 412.0	$ 804.4	$ 784.0	$ 4,475.2	$ 6,475.6

Our long-term debt and capital lease obligations are described in Cash Flows section of this discussion and in Note 9, Financing, to our audited consolidated financial statements.

The capital lease payments represent scheduled payments under the terms of the lease agreements and include implicit interest. We conduct substantially all of our operations in leased facilities. Most of these leases contain renewal options and require payments for taxes, insurance and maintenance. We also lease equipment for use in our businesses.

Purchase obligations include minimum royalty payments and guaranteed purchase commitments with several vendors.

Payments of retirement plan obligations include employer commitments to fund our defined benefit and post-retirement plans and do not include estimated future benefit payments to participants expected to be made from liquidation of the assets in our defined benefit plan trusts. At December 31, 2007, our defined benefit pension plans had a projected benefit obligation that exceeded the fair value of the plans assets by $22.0 and our

post-retirement benefit plan had an accumulated benefit obligation that exceeded the fair value of the plans assets by $56.9. We expect to satisfy these remaining obligations through investment income from and appreciation in the fair value of plan assets held in trust as well as by future employer contributions.

Our planned expenditures for capital assets in 2008 are expected to be $84.0 with an estimated allocation of 80% to HRS, 7% to SVS and 13% to Comdata. The amount of our obligation to vendors for these expenditures at December 31, 2007 was not material, and no such amount is included in the table above.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and our reported amounts of revenues and expenses during the reported periods. Additionally, management s judgment is required in selecting among available alternative accounting standards that allow different accounting treatment for similar transactions. Areas that require significant judgments, estimates and assumptions include revenue recognition; the determination of our liability for pensions and other post-retirement benefits; the assignment of fair values upon acquisition of goodwill and other intangible assets and testing for impairment; the capitalization, amortization and impairment testing of technology; the valuation of certain customer fund investments and noncurrent assets; the determination of fair value and estimated expected life related to stock options granted; the determination of the allowance for doubtful accounts and reserve for sales adjustment; and the resolution of tax matters. We use historical experience, qualified independent consultants and all available information to make these judgments and estimates, and actual results will inevitably differ from those estimates and assumptions that are used to prepare the our financial statements at any given time. Despite these inherent limitations, we believe that our Management s Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements and related notes provide a meaningful and fair perspective of our company.

Revenue Recognition

We recognize revenue from the sale of our products and services when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller s price to the buyer is fixed or determinable; and (4) collectibility is reasonably assured. Generally, we rely on a signed contract between us and the customer as the persuasive evidence of a sales arrangement. We address these and the other criteria for revenue recognition in the following discussion of types of revenue within our business.

HRS Repetitive Business

The majority of our HRS revenue is generated by recurring monthly or quarterly fees from our Payroll and Tax Services business, Benefit Services business and LifeWorks business. This revenue is generated by service fees, income from investment of customer funds in lieu of additional fees, software maintenance and subscription fees.

Payroll and Tax Services. Generally, service fees for HRS payroll processing are contracted on a per transaction basis and recognized as revenue when transaction services are provided and the amount is billable. We also recognize payroll revenue from customer funds held temporarily pending remittance to the customers employees. These payroll deposits are primarily invested through grantor trusts. We derive and recognize investment income in lieu of additional fees as a component of revenue as earned.

Our tax filing services consist primarily of: (1) collecting funds for federal, state and local employment taxes from customers based on payroll information provided by the customers; (2) remitting funds collected to the appropriate taxing authorities; (3) filing applicable returns; and (4) handling related regulatory correspondence and amendments for customers. Revenue from these tax filing services is billed and recognized as the services are provided, generally on a monthly basis. We hold our customers tax filing deposits for the

period between collection and remittance of the funds to the applicable taxing authority. These tax filing deposits are invested through a grantor trust. We derive and recognize this investment income in lieu of additional fees as a component of revenue as earned.

Payroll processing and tax filing services are sold separately; accordingly, we have objective evidence of standalone value for most services. Where fair value cannot be established on the undelivered element, revenue (and the related direct costs of revenue) for the delivered elements are deferred and recognized ratably over the remaining repetitive processing period commencing upon completion of implementation consulting services.

Benefit Services. We provide employee health and welfare benefits administration services to our customers. Employee health and welfare benefits administration services include health insurance portability compliance services related primarily to COBRA (Consolidated Omnibus Budget Reconciliation Act). Health and welfare benefits administration services also encompass benefits provided to active employees, such as (1) annual health plan enrollment, (2) ongoing employee enrollment and eligibility services, (3) tuition refund plans, (4) transportation reimbursement under the Transportation Equity Act, and (5) Internal Revenue Code Section 125 plans (Flexible Spending), which include fully administered and self-administered flexible spending accounts and premium-only plans.

We also provide retirement planning services that include: (1) administration services for benefits provided to retired and inactive employees, which include retiree healthcare, disability, surviving dependent, family leave and severance benefits; and (2) defined benefit plan administration, ESOP administration and Qualified Domestic Relations Order administration.

Revenue for COBRA services is generally earned and recognized as the services are provided. Revenue associated with other health and welfare benefits administration and retirement planning services is generally recognized monthly based on the number of employees that receive or participate in the benefit.

Benefit Services are sold separately; accordingly, we have objective evidence of standalone value for most services. Where fair value cannot be established on the undelivered element, revenue (and the related direct costs of revenue) for the delivered elements are deferred and recognized ratably over the remaining repetitive processing period commencing when all elements are delivered.

LifeWorks. We provide work-life, employee assistance, health and productivity, and FMLA administration solutions to our clients. LifeWorks services are delivered through on-line access and telephonically, and through face-to-face counseling provided by referral resources. Contracted fees for these services are generally billed monthly or quarterly. Revenue is generally earned and recognized ratably over the term of the contract based on the number of customer employees served and the level of service.

HRS Non-Repetitive Business

We generate revenue from delivery of professional services (i.e., data conversion, implementation and training) and shipment of materials.

Revenue from professional services is non-refundable and is determined either on a time and materials basis or firm fixed fee. If these services or materials are sold on a standalone basis, revenue is recognized as the professional services or materials are delivered. When professional services or materials are sold as part of a multiple element arrangement, we allocate revenue first to the fair value of the undelivered element(s) and allocate the residual revenue to the delivered element(s) which revenue is typically recognized over the one- to four-month implementation and conversion period. In the absence of fair value for an undelivered element(s), the arrangement is accounted for as a single unit of accounting, resulting in a deferral of revenue recognition for the delivered elements until all undelivered elements have been fulfilled, at which time previously deferred revenue is recognized ratably over the remaining expected life of the customer relationship.

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SVS

SVS sells stored value cards and provides subsequent transaction processing and reporting services. Customers may also choose to purchase cards alone. SVS recognizes revenue for card sales without services upon shipment.

For card sales with future processing services, revenue on both the card sales and services are deferred and reported on the consolidated balance sheets as deferred income. Costs of the cards sold are deferred and reported on the consolidated balance sheets in other current assets. Costs associated with the services are recognized as incurred. The deferred income and deferred cost on the card sale are both recognized in earnings over the estimated life of the card, which includes the transaction processing period. The recognition period is 30 months, beginning upon activation of the card. The deferred income on the services where we charge a fee upon card activation for unlimited transactions is recognized in earnings over the same 30-month period, beginning when the fee is assessed. The deferred income on the services where we charge a fee each time a transaction is processed is recognized in earnings over the same 30-month period, beginning when the fee is assessed. Our history of providing services to our customers indicates that (1) we can expect activation of a card within approximately eight months following card shipment, and (2) during the six months following the activation of a card, approximately 90% of the services have been performed.

Sales of cards under either arrangement do not include a right of return of the cards shipped.

Comdata

Comdata s payments system is designed to enable truck drivers to obtain funding for purchases and cash advances at truck stops and other locations en route to their destinations. Drivers may use the Comdata Card to purchase fuel and other approved items, obtain cash advances from automated teller machines or through the use of Comchek drafts and make direct deposits of pay, settlements or trip advances to personal bank accounts. Revenue from card transactions is based on a per transaction fee that is based on either a fixed amount or a percentage of the face value of the transaction and is recognized when the transaction is processed.

Comdata purchases accounts receivable due to trucking companies from manufacturers and shippers at a discount and with recourse back to the trucking company in the event of non-payment. This service allows trucking companies to receive payment on shipping invoices sooner. The non-refundable discount represents adequate compensation charged for servicing the receivables over a 30-day period with certain customers. If the collection period extends beyond 30 days, a non-refundable additional fee is charged for each month of servicing. After 90 days, an uncollected receivable can be returned to the seller for its face value. Comdata recognizes revenue from the discounted fee in the month of the purchase and the additional fees for servicing as it becomes entitled to collect the fee.

Comdata also provides fueling centers with: (1) PC-based, point-of-sale systems that automate the various transactions that occur at a fuel purchase desk; and (2) pay-at-the pump systems that enable customers to transact card-based fuel purchases at the pump. Revenue from the sale of PC-based point of sale equipment and pay-at-the-pump equipment is recognized based on shipping and installation terms. Recurring service revenues for these activities are recognized as earned. Support and maintenance contracts are generally for 12-month periods and are invoiced annually with the revenues recognized on a straight-line basis over the maintenance period. These products and services are all sold separately; accordingly, we have standalone value for each product and service. Separate sales also establish the fair value of each of the products and services sold in the event a customer contracts with us for multiple products and/or services. Sales of equipment under these arrangements do not include a right of return.

Gross Versus Net Revenue

We include in revenue amounts that we bill for and remit to third-party vendors for associated products and services as required on a gross basis as a principal rather than net as an agent when the following conditions are met: (1) we are the primary obligor in the arrangement with the customer; (2) we have credit risk and inventory

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risk; (3) we have latitude in the establishment of pricing, subject to general economic restraints; and (4) we have full discretion in vendor selection.

Determination of Our Allowance for Doubtful Accounts and Reserve for Sales Adjustment

We assess the collectibility of our accounts receivable based primarily on the creditworthiness of the customer as determined by credit checks and analysis, as well as the customer s payment history. The amount established for the allowance for doubtful accounts is dependent on various matters including changes in the customer s financial condition and general economic factors such as the price of diesel fuel.

We assess the reserve for sales adjustment based on an analysis of historical trends. The amount established for the reserve for sales adjustment is dependent on various matters including customer negotiations and the notification of disputes by the customer.

Assignment of Fair Values Upon Acquisition of Goodwill and Other Intangible Assets and Testing for Impairment

In the event of a business combination, we are required to assign fair values to all identifiable assets and liabilities acquired, including intangible assets such as customer lists, trademarks, technology and covenants not to compete. We are also required to determine the useful life for amortizable assets acquired. These determinations require significant judgments, estimates and assumptions and, when material amounts are involved, we generally utilize the assistance of independent valuation consultants. The remainder of the purchase cost of the acquired business not assigned to identifiable assets or liabilities is then recorded as goodwill. Although goodwill is no longer subject to amortization, we reassess the carrying value of goodwill annually, or more frequently when certain developments occur, for impairment of that value.

A number of significant assumptions and estimates are involved in determining the current fair value of the reporting unit including operating cash flows, markets and market share, sales volumes and prices and working capital changes. We consider historical experience and all available information at the time the fair values of our reporting units are estimated. However, actual fair values that could be realized in an actual transaction may differ from those used to evaluate the impairment of goodwill. The evaluation of impairment involves comparing the current fair value of the reporting units to the recorded value (including goodwill).

If the recorded value (including goodwill) of a reporting unit exceeds its current fair value, then to the extent that the recorded value of goodwill of the reporting unit exceeds the implied fair value of the reporting unit s goodwill, an impairment loss is recognized. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined. That is, the fair value of a reporting unit is allocated to all of the assets and liabilities of that reporting unit including any unrecognized intangible assets and the excess is the implied fair value of goodwill.

We also test long-lived assets, including other intangible assets, whenever events or changes in circumstances indicate that the carrying value of such an asset or group of assets may not be recoverable. Events or circumstances that might indicate an impairment of carrying value include:

- a significant decrease in the market value of the asset or asset group;
- a significant adverse change in the extent or manner in which the asset or asset group is used or in its physical condition;
- a significant adverse change in legal factors or in the business climate that could affect the value of the asset or asset group, including an adverse action or assessment by a regulator;
- an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset or asset group; and
- a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of the asset or asset group.

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When the need for such a test is indicated, we consider such factors as whether the amortization of the carrying values for these assets for each operating unit can be recovered through forecasted undiscounted cash flows over their remaining economic life.

Capitalization, Amortization and Impairment Analysis of Technology

Our technology efforts are substantially for internal use and, as indicated in Note 1, Accounting Policies Technology, we rely on AICPA Statement of Position 98-1 (SOP 98-1) for accounting guidance. Therefore, for our modification or development efforts, we need to identify by nature and by stage of development those costs that are to be capitalized rather than charged to operations as incurred. We also need to identify the point at which the modified or developed technology is ready for use, capitalization of cost will cease and amortization of that cost will begin. Costs incurred subsequent to the ready for use date will generally be charged to operations and only capitalized if justified as a material improvement in the functionality of the capitalized technology product.

We regularly review the carrying value of technology in connection with our impairment analysis of other long-lived assets and recognize a loss when the value of estimated undiscounted net cash flow benefit related to the asset group falls below the unamortized cost, or when abandoned.

Determination of Our Liability for Pensions and Other Post-retirement Benefits

We present information about our pension and post-retirement benefit plans in Note 10, Retirement Plans, to our audited consolidated financial statements. The determination of the liabilities and expenses for pensions and other post-retirement benefits are accomplished with the assistance of independent actuaries using actuarial methodologies and incorporating significant assumptions, including the rate used to discount the future estimated liability, the long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, medical costs, retirement age and mortality). The rate used to discount future estimated liabilities is determined considering three independently prepared yield curves, taking into consideration the timing of the estimated defined benefit payments. The impact on the liabilities of a change in the discount rate of $^{1}/_{4}$ of 1% would be approximately $16.6 and approximately $0.6 to pre-tax earnings in the following year. The long-term rate of return is estimated by considering historical returns and expected returns on current and projected asset allocations and is generally applied to a five-year average market value of assets. A change in the assumption for the long-term rate of return on plan assets of $^{1}/_{4}$ of 1% would impact pre-tax earnings by approximately $1.6.

Determination of Fair Value and Estimated Expected Life Related to Stock Options Granted

Effective January 1, 2006, we adopted the provisions of, and account for stock-based compensation in accordance with, SFAS 123R. Under the fair value recognition provisions of SFAS 123R, we measure stock-based compensation cost at the grant date based on the fair value of the award and recognize the compensation expense over the requisite service period, which is usually the vesting period. We elected the modified-prospective method of adopting SFAS 123R under which prior periods are not retroactively restated. The valuation provisions of SFAS 123R apply to awards granted after the effective date. Estimated stock-based compensation expense for awards granted prior to the effective date but that remain unvested on the effective date will be recognized over the remaining service period using the compensation cost estimated for the SFAS 123 pro forma disclosures.

The adoption of SFAS 123R had a material impact on our consolidated results of operations and the statement of cash flows. However, we believe that stock-based compensation aligns the interests of employees with the interests of shareholders. See Note 11, Stock-Based Compensation Plans, to our audited consolidated financial statements for further information regarding our stock-based compensation plans.

We use the Black-Scholes standard option pricing model (Black-Scholes model) to determine the fair value of stock options with term-based vesting conditions. The determination of the fair value of the awards on

the date of grant using the Black-Scholes model is affected by our stock price as well as assumptions of other variables, including the risk-free interest rate and expected volatility of our stock price in future periods.

We use an integrated Monte Carlo simulation model and a trinomial lattice model to determine fair value of the performance-based options. The Monte Carlo model calculates probability of satisfying the market conditions stipulated in the award. This probability is an input into the trinomial lattice model used to fair value the options as well as assumptions of other variables, including the risk-free interest rate and expected volatility of our stock price in future periods.

If factors change and we employ different assumptions for estimating stock-based compensation expense in future periods or if we adopt a different valuation model, the future periods may differ significantly from what we have recorded in the current period and could materially affect our net earnings.

The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable, characteristics not present in our option grants. Existing valuation models, including the Black-Scholes and lattice binomial models, may not provide reliable measures of the fair values of our stock-based compensation. Consequently, there is a risk that our estimates of the fair values of our stock-based compensation awards on the grant dates may bear little resemblance to the actual values realized upon the exercise or forfeiture of those stock-based awards in the future. Some employee stock options may expire worthless, or only realize minimal intrinsic value, as compared to the fair values originally estimated on the grant date and recognized in our financial statements. Alternatively, some employee stock options may realize significantly more value than the fair values originally estimated on the grant date and recognized in our financial statements. Currently, there is no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor is there a means to compare and adjust the estimates to actual values.

Successor

To determine fair value of both term and performance based stock options, the risk-free interest rate used was based on the implied yield currently available on U.S. Treasury zero coupon issues with remaining term equal to the contractual term of the option. The estimated volatility of our common stock is based on the historical 120-month volatility data for selected comparable public companies and our actual volatility for a six year period before the Merger. Because we do not anticipate paying any cash dividends in the foreseeable future, we use an expected dividend yield of zero. The amount of stock-based compensation expense we recognize during a period is based on the portion of the awards that are ultimately expected to vest. We estimate option forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We analyze historical data to estimate pre-vesting forfeitures and record stock-based compensation expense for those awards expected to vest. We recognize term-based stock compensation expense using the straight-line method.

To estimate the expected life of term-based options, we have used the simplified method allowed by Staff Accounting Bulletin No. 107, Share-Based Payment. Our historical experience (subsequent to the Merger) is too limited to be able to reasonably estimate expected life and historical experience of options granted by Ceridian Holding subsequent to the Merger.

Predecessor

To determine fair value, we analyzed historical employee exercise and termination data to estimate the expected life assumption. We believed that historical data represented the best estimate of the expected life of a new employee option. We also stratified our employee population based upon distinctive exercise behavior patterns. The risk-free interest rate used was based on the implied yield available on U.S. Treasury zero coupon issues. The estimated volatility of our common stock was based on historical daily volatility levels of our common shares. We believed the historical data represented the best estimate of the volatility. Because we did not anticipate paying any cash dividends, we used an expected dividend yield of zero. The amount of stock-based

compensation expense we recognized during a period was based on the portion of the awards that were ultimately expected to vest. We estimated option forfeitures at the time of grant and revised those estimates in subsequent periods if actual forfeitures differed from those estimates. We analyzed historical data to estimate pre-vesting forfeitures and recorded stock-based compensation expense for those awards expected to vest.

Tax Matters

As a company with operations in many states in the United States, as well as in the United Kingdom and Canada, we record an estimated liability and expense for income and other taxes based on what we determine will likely be paid in the various tax jurisdictions in which we operate. The liabilities ultimately realized and paid are dependent on various matters including the resolution of the tax audits in the various affected tax jurisdictions and may differ from the amounts recorded. We record a valuation allowance to reduce our deferred tax assets when it is more likely than not the deferred tax asset will not be realized.

In July 2006, the FASB issued Interpretation 48, Accounting for Uncertainty in Income Taxes an amendment of FASB Statement 109 (FIN 48). FIN 48 clarifies the application of SFAS 109, Accounting for Income Taxes, by establishing a threshold condition that a tax position must meet for any part of the benefit of that position to be recognized in the financial statements. In addition to recognition, FIN 48 provides guidance concerning measurement, derecognition, classification, and disclosure of income tax positions. We adopted the new standard January 1, 2007. As a result of the implementation of FIN 48, we recognized no adjustment in the liability for unrecognized income tax benefits. We are continuing to follow our practice of classifying our interest and penalties related to income taxes as a component of our income tax provision.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability, and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. On February 2, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delays the effective date of SFAS No. 157 for one year for all nonfinancial assets and nonfinancial liabilities except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 and FSP 157-2 are effective for fiscal years beginning after November 15, 2007. The Company has elected a partial deferral of SFAS No. 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting SFAS No. 157 did not have a material effect on the results of our operations or financial position. We are currently evaluating the impact of the adoption of SFAS No. 157 for our non-financial assets and liabilities, effective January 1, 2009, will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 159 allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value in situations in which they are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item s fair value in subsequent reporting periods must be recognized in current period earnings. SFAS No. 159 also establishes presentation and disclosure requirements designed to draw comparison between entities that elect different measurement attributes for similar assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We did not elect the fair value option for any of our existing financial assets and liabilities.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. SFAS No. 160 amends Accounting Research Bulletin (ARB) No. 51 and establishes standards of accounting and reporting on noncontrolling interests in consolidated statements, provides guidance on accounting

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for changes in the parent s ownership interest in a subsidiary, and establishes standards of accounting of the deconsolidation of a subsidiary due to the loss of control. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008 and is not expected to have a material effect on our results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141(R), Business Combinations. The objective of this Statement is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this Statement establishes principles and requirements for how the acquirer: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective on a prospective basis for fiscal years beginning after December 15, 2008 and accordingly, any business combination we enter into and/or close after December 31, 2008 will be subject to this new standard.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, which amends and expands the disclosure requirements of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities , to provide an enhanced understanding of an entity s use of derivative instruments, how they are accounted for under SFAS No. 133 and their effect on the entity s financial position, financial performance and cash flows. SFAS No. 161 is effective for fiscal years beginning after December 15, 2008 and is not expected to have a material effect on our results of operations or financial position.

Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Market Risk

Our primary market risk exposure is interest rate risk. We invest funds held temporarily for our clients in interest bearing instruments, earning interest income in lieu of additional service fees. Interest income from customer funds is recorded as revenue net of any interest credits due clients. In addition, we hold short-term investments for our own account for liquidity purposes and issue debt instruments, with related interest income and interest expense recorded as such in the statement of operations. All interest rate sensitive instruments are held in portfolios for investment purposes, and no such instruments are held in trading portfolios. Our interest rate risk exposures are summarized in the table below.

	Invested Customer Funds	Ceridian Short-term Investments	Variable Rate Debt Instruments	Net Position
Average balances				
2007	$ 3,293.5	$ 358.0	$ (379.3)	$ 3,272.2
2006	2,998.1	296.3	(89.8)	3,204.6
2005	2,769.6	256.5	(61.2)	2,964.9
Average interest rate				
2007	4.36%	5.98%	7.73%	4.15%
2006	4.40	4.56	5.46	4.39
2005	3.81	3.05	4.15	3.74
Interest income (expense)				
2007	$ 143.7	$ 21.4	$ (29.3)	$ 135.8
2006	132.0	13.5	(4.9)	140.6
2005	105.5	7.8	(2.5)	110.8

As of September 30, 2008, our invested customer funds were $3,119.9, our short-term investments were $98.5 and variable rate debt instruments were $2,450.0. For the nine-month period ended September 30, 2008, our interest revenue of $85.7 declined by $28.3 compared to the first nine months of 2007. This was due to the negative impact of falling interest rates of $33.6, offset by a $5.3 positive impact of higher investment balances.

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In 2007, our interest revenue increased $11.7 compared to 2006, with $13.0 due to higher investment balances offset by a $1.3 decline due to lower interest rates. The increase in interest revenue from invested customer funds in 2006 over 2005 of $26.5 consisted of $17.8 related to higher interest rates and $8.7 due to higher average invested balances.

For 2007 and 2006 and for the first nine months of 2008, we held no interest rate derivative instruments. On February 4, 2005, we sold all of our interest rate derivative instruments we then held, recording a realized loss of $2.3 in the first quarter of 2005. No interest rate derivative instruments were purchased in 2005 subsequent to the disposition of all such instruments on February 4, 2005.

We further discuss interest rate derivative contracts in Note 2, Accounting Policies Cash and Investments, including Derivatives, and Note 4, Investing Activity, to our audited consolidated financial statements.

We manage our interest rate risk by modeling the impact of changes in interest rates on interest income and interest expense. In modeling our overall interest rate market risk, we make assumptions about levels of customer funds, short-term investments, variable rate debt instruments, interest rate derivative instruments and the levels and shapes of the interest rate curves in the United States and Canada. At December 31, 2007, we held no interest rate derivative instruments, and we assume no interest rate derivative instruments are purchased for purposes of calculations presented here. The amount of prepayment risk in the investment portfolios is negligible and therefore excluded from this analysis. Also at that date, we had issued $2,250.0 term loans that pay interest based on variable interest rates, an amount that exceeds assumed variable rate invested client funds and our short-term investments, resulting in expected net variable interest expense. Based on these assumptions, we estimate that for rising interest rate scenarios, net interest expense will increase $4.2 annually for each 100 basis points increase in interest rates for the full year of 2008. For falling interest rate scenarios, net interest expense will decline by a like amount.

Fuel Price Market Risk

Our Comdata business revenue and net earnings is exposed to variability based on changes in the price of diesel fuel and gasoline. In certain cases, Comdata earns fee revenue for card transactions based on a percentage of the total amount of each fuel purchase. An increase or decrease in the price of fuel increases or decreases the total dollar amount of fuel purchases and Comdata revenue, accordingly.

We manage our fuel price risk by modeling the impact of changes in fuel prices on transaction fee revenue and net income. Diesel fuel and gasoline price derivative instruments or similar instruments may be purchased as part of our risk management program and the effects of these instruments are modeled as part of our overall fuel risk sensitivity position. No fuel price derivative instruments were held at September 30, 2008.

As reported by the U.S. Department of Energy, the average price per gallon of highway diesel fuel number 2 was $2.88 in 2007, $2.70 in 2006 and $2.40 in 2005. These rising diesel fuel prices increased Comdata revenue approximately $3.4 in 2007, $5.7 in 2006 and $10.4 in 2005 but were offset by realized losses on diesel fuel price derivative contracts of $1.5 in 2007, $2.9 in 2006 and $8.2 in 2005.

In February 2007, we entered into diesel fuel price derivative instruments that had the effect of hedging approximately 30% of our anticipated fuel exposure for 2007 with an average strike price of $2.65 per gallon. We estimate that for diesel fuel number 2, a 10 cent change in the annual average price impacts Comdata revenue and pretax income by $2.0.

Similar to diesel fuel price risk, our Comdata business revenue and net income are subject to variability based on changes in gasoline prices. We estimate that for each 10 cent change in the annual average price of gasoline, Comdata s revenue and pretax income are impacted $0.5. Due to increases in the average price of gasoline during 2007 and 2006, Comdata s revenue was $0.4 higher in 2007 and $0.7 higher in 2006 from what it would have been had gasoline prices remained stable during those years.

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BUSINESS

Overview

We are a provider of outsourced processing services to a diverse customer base in a wide range of industries. We operate through three principal business segments, HRS, SVS and Comdata.

We were formed on August 8, 2000 as a result of the spin-off of the human resource solutions division and human resource solutions and Comdata subsidiaries of Arbitron Inc. On March 30, 2001, we became an independent public company when our predecessor distributed all of our outstanding common stock to its stockholders in a tax-free spin-off transaction. On November 9, 2007, the Sponsors and their co-investors, including certain members of our management, acquired all of our outstanding equity for $36.00 per share or a total equity purchase price of approximately $5.3 billion. Prior to the acquisition in 2007, our common stock was listed on the New York Stock Exchange (CEN).

Human Resource Solutions

Our HR solutions are designed to help companies more easily and effectively manage their workforce and the information integral to HR processes while reducing costs and enabling them to focus on their core businesses. We offer a broad range of HR outsourcing services built around a core capability of payroll processing. Over time we have complemented our payroll processing services by adding additional HR outsourcing services, including benefits administration and integrated health and productivity services. This strategy has enabled us to offer our customers comprehensive HR outsourcing solutions that the market increasingly demands.

SVS

SVS is a provider and processor of stored value cards to customers principally in the retail, restaurant, airline, hospitality and entertainment, and service industries in the United States. SVS provides stored value card programs to merchants for use as gift cards, credits for returned products and retail promotions.

Comdata

Comdata is a provider of proprietary, credit and debit cards, including fuel cards and employer pay cards, and processor of card transactions for various industries in the United States, including the transportation industry. As a transaction processor, Comdata s platforms support both its proprietary and branded card networks, as well as card processing for certain other card types. Comdata also provides regulatory compliance services primarily to the transportation industry.

Our Strengths

Market Positions. We believe that our size, scale and market positions will enable us to continue to capitalize on the growth within our markets.

HRS We are one of only three major providers in the U.S. payroll processing market with an approximate 5% market share and, with ADP, one of two leading providers serving the mid-market segment in the United States. We have used our strong U.S. Payroll market position to build significant positions in our other HR market segments. We believe Ceridian Canada is one of two market leaders in Canada, with approximately 25% market share, and significant brand recognition. Ceridian UK is a payroll processing provider in the United Kingdom.

SVS We are a provider to retailers in the high growth stored value card market.

Comdata We are a provider of fleet payment cards and related services to the U.S. long-distance trucking industry.

Stable, Recurring Revenue. Our business model is predicated on providing our customers with transaction-based, core services that are recurring in nature. The services that we provide, such as enabling HRS customers to pay their employees and transportation customers to purchase fuel, are generally essential to our customers businesses. We also benefit from employers unwillingness to take risks in switching providers due to potential business interruptions and the relatively low cost of our services. This in turn results in a large base of recurring revenue each year and significant visibility on projected revenue.

Strong Cash Flow. Our capital expenditures for the fiscal year ended December 31, 2007 and the nine months ended September 30, 2008, were approximately 4% and 3% of sales, respectively. We benefit from our scalable operating platforms, which enable us to generate additional revenue with modest incremental capital investment. We expect that the strong historic retention of our revenue base along with our disciplined approach toward spending will enable us to continue generating consistent cash flow.

Well-Diversified Customer Base. We benefit from a large customer base with limited customer concentration. Our top 10 customer accounts were less than 7% of revenue and our single largest customer was less than 3% of revenue during 2007. We believe this customer diversity reduces our reliance on any single customer.

Highly Experienced Management Team. Kathryn V. Marinello joined Ceridian as President and Chief Executive Officer in October 2006 from GE where she was President and Chief Executive Officer of GE Fleet Services. Since joining us, Ms. Marinello has strengthened our senior management team by hiring Gregory J. Macfarlane, Michael F. Shea and Kairus K. Tarapore.

Unique Private Equity/Corporate Sponsorship. We benefit from the ownership and support of THL Partners and FNF. Both THL Partners and FNF have significant experience investing in businesses similar to Ceridian. In addition to the financial expertise that THL Partners and FNF provide, FNF also brings meaningful operational expertise. FNF also brings cross-selling and distribution opportunities. We expect that THL Partners and FNF s unique combination of financial and operational expertise will continue to enable us to execute our strategic plan.

Our Strategy

Our goals are to continue to increase the value we deliver to our customers, streamline our operations and grow our business profitably. We intend to execute our goals through the following business strategies:

Capitalize on Our Market Positions. We believe our market positions will enable us to benefit from the growth opportunities available in our markets. As a payroll provider, we should benefit from the continued trend toward payroll and HR outsourcing. Accordingly, we intend to use our position to attract new customers to our core payroll business while further growing our Benefits, LifeWorks and HRO operating units. In Comdata, we will continue to expand our product offerings, services and network to increase our customer base and enable our customers to control their spending on a wider range of goods and services. In SVS, we intend to continue using our market position to capture increased global market share in this growing industry and winning large accounts that other providers may not be as well-situated to handle.

Execute U.S. HRS Operating Improvement Plan. Our U.S. HRS operating unit has specific initiatives underway to improve its margins while also improving customer service quality. We believe there is significant potential to increase U.S. HRS margins. Our operating improvement plan consists of several initiatives to significantly improve results, including the following four key initiatives that will be implemented in a phased approach:

Workforce Reduction. We targeted a 10% reduction (approximately 550 employees) in our U.S. HRS workforce and corporate infrastructure. The workforce reduction is expected to simplify and streamline our business with minimal impact on sales and customer-facing employees.

Selling, General and Administrative Spending Rationalization. We are targeting a reduction in SG&A spending through initiatives, including consolidating facilities, more efficient vendor management and purchasing and reductions in corporate overhead spending.

Streamlined Technology Spending. We are targeting cost efficiencies in technology spending through several initiatives including: (i) minimizing investments in and phasing out older, outdated technology and software platforms and applications and focusing on a few key development projects; (ii) outsourcing certain technology functions; and (iii) negotiating cost-effective technology supplier agreements.

Business Process Improvements. We are targeting business process improvements including transferring certain processes offshore and streamlining and improving new customer implementations, customer service and other HRS processes. We are currently finalizing negotiations with offshore service companies and the timeline over which to transfer certain processes. Other initiatives include reengineering and simplifying implementation processes to enable us to double the number of new customer additions with existing resources.

When fully executed by the end of 2008, we believe these initiatives will generate $100 million or more in annualized cost savings. We expect to incur one-time costs of approximately $50 million in connection with their execution by the end of 2008. We believe these initiatives can generate an additional $50 million or more in annualized cost savings beyond 2008. We further believe that our plan is highly achievable based on the following key elements: (i) savings are clearly identifiable and consistent with competitive benchmarks; and (ii) we have already executed on several initiatives generating significant annualized cost savings. The Sponsors have worked extensively with our new management team to increase the achievability and accelerate the timing of this operating improvement plan and will provide valuable expertise in executing our cost savings and technology strategies. We believe our operating improvement plan will make U.S. HRS a more efficient and streamlined business, providing better customer service and more capable of capturing the growth opportunities available in the market.

Improve Customer Service and Retention Rates. Our primary focus is on providing timely and reliable service to our customers. We believe our operating improvement plan will further enhance customer service by creating a leaner and more efficient company. For example, through more efficient work flow management, we plan to reduce our call center wait times leading to quicker and more reliable customer service. Also, we plan to streamline certain areas of our organization to place senior executives in a position to be closer and more responsive to customers and their needs. We believe that better customer service will further improve retention rates yielding stronger revenue growth and margins.

Increase Sales through Improved Sales Force and Sales Processes and New Distribution Partners. We have executed an upgrade of our U.S. Payroll sales force by replacing underperformers with new hires. In conjunction with this new hiring plan, we have implemented new accountability measures, including weekly sales force effectiveness reviews with Ms. Marinello directly driving the effort. As the new sales force continues to mature, we expect new sales order improvements and better customer service. We are also targeting new sales channels by developing distribution relationships with new partners including banks, credit unions, affinity partnerships, third-party administrator networks and insurance brokers. We intend to leverage FNF s extensive relationships as part of this strategy.

Expand into Complementary Markets. We intend to expand our offering of processing services to companies and industries with similar needs as our core customers. For example, U.S. Payroll is targeting the small market segment through our newly developed Freedom product, which provides increased functionality on a web-based system. In addition, we have been pursuing distribution opportunities to enable us to better reach this market. In SVS, we are also expanding our international presence by selling stored value cards to existing customers with international operations and foreign locations. In Comdata, we plan to continue expansion by offering processing services to industries such as aviation and construction that have similar needs as our core transportation customers.

Cross-Sell Our Products. Historically, our HRS, SVS and Comdata business segments, and even the operating units within HRS, have operated as standalone operations with little cross-selling. We have begun to focus on more effective selling of our services across the customer bases of our operating units. We believe many such opportunities exist and have noted several representative examples:

- We can cross-sell add-on HR services to existing U.S. HRS customers as well as sell HR services to Comdata customers. For example, we could: (i) sell our payroll solutions to customers currently using only our LifeWorks services, (ii) provide HRS recruiting management products to our Comdata customers who need help managing their recruiting processes in a competitive industry and (iii) offer Comdata s stored value payroll cards to HRS customers in high employee turnover market segments and with large numbers of part-time workers or whose employees typically do not have bank accounts.

- Within U.S. HRS, we have a network of Benefits brokers that currently only sell Benefits products. We plan to leverage our existing relationships with these brokers to sell U.S. Payroll and LifeWorks services.

- Internationally, we can continue to leverage our operations to service our multinational customers.

We believe that effectively cross-selling our service offerings will strengthen our relationships with existing customers, help us attract new customers and increase our revenue growth and profitability.

The Transactions

On November 9, 2007, the Sponsors and their co-investors acquired all the outstanding equity of Ceridian. Under the terms of the agreement, the Sponsors and their co-investors, including certain members of management, acquired the equity of Ceridian for $36.00 per share or a total equity purchase price of approximately $5.3 billion. Prior to the Acquisition, Ceridian s common stock was listed on the New York Stock Exchange (CEN). The Acquisition, the related financing (including the issuance of the Restricted Notes) and the application of proceeds therefrom are referred to herein as the Transactions.

Our Business Segments

Human Resource Solutions

HRS offers a broad range of HR outsourcing solutions built around a core capability of payroll processing. Our HR outsourcing solutions are designed to help companies more easily and effectively manage their workforce and the information integral to HR processes while reducing costs and enabling them to focus on their core businesses.

Our human resource management products and services are provided principally in the United States, Canada and the United Kingdom. Our international HRS operations are primarily conducted in Canada through Ceridian Canada, and in the United Kingdom through Ceridian UK.

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HRS s and U.S. HRS s operating unit revenues for the nine months ended September 30, 2008 and the years ended December 31, 2007, 2006 and 2005 were as follows:

	Nine Months Ended September 30, 2008	Period from November 10, 2007 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
HRS Revenue					
U.S. HRS	$ 263.2	$ 125.0	$ 698.2	$ 822.4	$ 799.8
Ceridian Canada	169.6	36.5	174.5	182.6	158.1
Ceridian UK	72.5	14.1	84.2	94.8	92.2
Total HRS	$ 505.3	$ 175.6	$ 956.9	$ 1,099.8	$ 1,050.1
U.S. HRS Revenue					
U.S. Payroll	$ 598.4	$ 87.3	$ 467.3	$ 527.1	$ 500.9
Benefits	96.9	20.9	119.5	154.0	151.1
LifeWorks	131.7	16.8	111.4	141.3	147.8
Total	$ 827.0	$ 125.0	$ 698.2	$ 822.4	$ 799.8

Products and Services

Our human resource management solutions include:

- payroll processing, tax filing and other HR services;
- benefits administration services; and
- work-life and employee assistance programs.

U.S. Payroll. Our payroll processing for customers in the United States consists primarily of preparing and furnishing employee payroll checks, direct deposit advices and supporting journals and summaries. For certain customers, we may remit customer payroll funds to the customer s employees. We also supply quarterly and annual social security, Medicare and federal, state and local income tax withholding reports and forms that are required to be filed by employers and employees.

We provide human resource information systems (commonly referred to as HRIS) solutions that serve as a front-end to our payroll processing system, allowing our customers to utilize a common database for both payroll and other HRIS purposes. This enables the customer to create a single database of employee information for online inquiry, updating and reporting in payroll and other areas important to human resource administration and management, such as employee data tracking, time and labor management, government compliance, compensation analysis and benefits administration. We also provide HRIS solutions that incorporate open, industry standard technology, are scalable and can be utilized with an existing interface as a front-end for our payroll processing and tax filing services.

Our HR/payroll product suite provides an integrated HR/payroll and benefits solution with outsourced payroll and tax filing services to customers primarily in the corporate and enterprise customer markets. It is primarily available in a hosted application service provider environment but also can be managed in-house as an installed application. Our hosted solutions provide customers with secure 24/7 access to our solutions using a standard web browser.

Our HR/payroll web product is a web-enabled, fully hosted integrated payroll and human resource administration solution, designed specifically for the corporate and enterprise customer markets. Ceridian s HR/ payroll web product also includes integrated time management and self-service features, as well as wage attachments and disbursements, Internet payroll management and customization features within the core product offering.

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We also provide Internet and phone-in payroll processing, tax filing, unemployment compensation management and related services for small employers located in the United States and Canada. Our Small Business HR/payroll web-based solution allows customers to complete payroll transactions via the Internet. The Small Business HR/payroll product also provides small businesses with access to services such as new hire reporting, tax filing, direct deposit, optional benefits programs, unemployment filing and special reports services that were previously only available to larger companies.

Tax Filing. Our payroll tax filing services for customers in the United States consist primarily of collecting funds for federal, state and local employment taxes from customers based on payroll information provided by the customers, remitting funds collected to the appropriate taxing authorities, filing applicable returns and handling related regulatory correspondence and amendments. Our tax filing services are provided not only to employers who utilize our payroll processing service, but also to local and regional payroll processors and directly to employers as standalone tax services.

Other HR Services. We also provide customers with a number of other HR solutions. Such services include time and attendance, administration of payroll and benefit functions, recruiting, employee/manager self-service and human capital management services. These services are generally designed to automate, streamline and integrate certain traditional HR services to provide our customers with the ability to focus less on administration and more on their core business.

Benefits. We provide employee health and welfare benefits administration services to our customers. Employee health and welfare benefits administration services include health insurance portability (i.e., COBRA and HIPAA) compliance services. Health and welfare benefits administration services also encompass benefits provided to active employees, such as annual health plan enrollment, ongoing employee enrollment and eligibility services, tuition refund plans, transportation reimbursement under the Transportation Equity Act, and Internal Revenue Code Section 125 plans including fully-administered and self-administered flexible spending accounts and premium-only plans.

We also provide qualified domestic relations order and medical support order administration to our customers, and administration and benefits billing services for benefits provided to retired and inactive employees of our customers, including retiree healthcare, disability, surviving dependent, family leave and severance benefits.

LifeWorks. We provide customers of all sizes and their employees with a single source for fully integrated work-life and employee assistance programs. Our customers include employers in both the private and public sectors (including certain agencies of the U.S. government). Services are delivered through online access and telephonically, and through face-to-face counseling provided by referral resources.

The services and programs we provide may be customized to meet an individual customer s particular needs. Our portfolio of products allows a customer to choose the mix, level and mode of access to services that best meet its needs. These products range from high touch technology capabilities allowing employees to access specific information online to comprehensive person-to-person consultation and referral services. Also included are specialized service options, such as assistance with college selection, elder care assessment and facility review services, and health and wellness services. These services address employee effectiveness issues and seek to improve employee retention and productivity, reduce absenteeism and increase recruitment success. Consultants provide confidential assistance 24 hours a day to customers employees to help them address issues ranging from everyday matters to crisis situations. Supporting these consultants are research and subject matter experts who provide specialized expertise or referrals in areas such as parenting/child care, elder care, disabilities, addiction disorders, mental health, health and wellness, financial, legal, managerial/supervisory and education/schooling issues. We have also entered into arrangements with some service and product providers to provide additional services and expertise to our customers.

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HRO. Our HRO operating unit assumes responsibility for our customers entire human resources department. We focus on companies with 3,000 to 15,000 employees, providing them with a comprehensive suite of modular, fully managed HRS products.

International Operations. Ceridian Canada provides payroll processing services, HRIS solutions, tax filing services, work-life and employee assistance programs and recruitment services to its Canadian customers. Ceridian Canada collects payroll and payroll tax amounts from customers, remits tax amounts to applicable governmental authorities and makes direct deposits of payroll amounts to employees bank accounts. Ceridian UK provides payroll processing services, HRIS solutions, work-life and employee assistance programs and recruitment services primarily in the United Kingdom.

We have begun to expand our international payroll services into other countries, principally in Europe, by engaging partners within a country to provide the payroll administration and processing services that we provide in that country. We in turn have contracted with multinational customers for their international requirements and deliver a fully outsourced payroll service to these customers.

There are risks associated with operating internationally. We refer you to the Risk Factors section.

Market

The market for human resource solutions covers a comprehensive range of information management, human resource administration and employee assistance products, services and software. These products, services and software include:

- transaction-oriented administrative services and software products, primarily in areas such as payroll processing, tax filing and benefits enrollment and administration; and

- management support services and software, primarily in areas such as recruiting and human capital management, human resource administration, regulatory compliance, work-life and employee assistance programs.

We believe that the market for these solutions will continue to grow as organizations seek to reduce costs, improve productivity and add services for employees by outsourcing administrative services and further automating internal processes. We also believe the demand for human resource solutions will increase as organizations seek assistance in maintaining their compliance with the increasing scope and complexity of laws and regulations governing businesses and increasingly complicated work-life issues faced by employers and employees.

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We generally classify customers in the human resource solutions market by employer size into three categories, each of which represents a distinct market opportunity for us:

Type of Employer	Size of Employer*	Typical Characteristics
Small	Fewer than 100 employees	Human resource management needs tend to be relatively more price sensitive, to require less customization or flexibility in product and service offerings and to switch more readily from one provider to another.
Corporate	100 to 5,000 employees	Human resource management needs tend to be more complex, and therefore requires more flexibility in products and services, greater integration among data processing systems and a greater variety of products and services. Within this group, the lower mid-market (100-300 employees) tends to have simpler requirements and upper mid-market (300-5,000 employees) tends to have more complex requirements.
Enterprise	Over 5,000 employees	Human resource management needs tend to be the most complex, and therefore often require the most customization and flexibility in products and services, the greatest integration among data processing systems and the greatest variety of products and services; also has the greatest reliance on their integral legacy systems that increases integration complexity and challenges outsourcing and migration decisions.

* This column of the table reflects the employer size of U.S. customers. In Canada and the United Kingdom, the employer segment sizes are typically smaller, although the characteristics of such segments are similar in nature.

We believe, however, that with regard to any size employer, a provider of a core transaction-based service, such as payroll processing or tax filing, is afforded opportunities to complement that core service with additional products and services that are natural adjuncts to that service, such as time and labor management, health insurance portability compliance administration, flexible spending account administration, employee self-service, benefits eligibility and enrollment, and employee assistance and work-life services. We believe our ability to wrap value-added services around a core service or product in an integrated manner will lead to revenue growth and our ability to achieve higher margins.

Further, we believe that customers are increasingly seeking providers that can take responsibility for entire human resource management processes. These HRO relationships transfer responsibility for managing each core process from the employer to the provider. Through HRO, we are able to provide our customers with a comprehensive suite of modular, fully managed HRS products and services described above. By fully managing the products and services that we can otherwise provide on a standalone basis and presenting a single face to our customers employees, we are able to transfer responsibility for managing each core HR process from the employer to the provider. Our HRO services to date typically involve: (1) conversion and implementation consulting services; (2) processing and hosting services related to payroll, tax filing and benefits needs; and (3) administration of HR, payroll and benefits functions.

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Customer Funds

HRS revenue in 2007 and the nine months ended September 30, 2008 includes approximately $143.7 million and $85.7 million, respectively, of investment income earned in lieu of additional fees from customer funds temporarily held in the United States and Canada pending remittance to taxing authorities, customer employees or other third parties. In a very few instances, Ceridian UK holds customer funds for a short period of time in non-interest bearing segregated accounts prior to disbursement pursuant to the customer s instructions. All customer funds temporarily held by us are held primarily in trusts. Funds from U.S. customers are invested primarily in high quality collateralized short-term investments or money market mutual funds. We may also invest in U.S. Treasury and Agency securities, AAA rated asset-backed securities, and corporate securities rated A3/A- or better. Funds from Canadian customers are invested primarily in securities issued by the government and provinces of Canada, highly rated Canadian banks and corporations, asset-backed trusts and mortgages. The maturity of these investments is carefully managed to meet the related payment obligations. Due to the significance of this investment income, our quarterly revenue and profitability fluctuate as a result of changes in interest rates and in the amount of customer funds held.

Customers

Our existing customer base covers a wide range of industries and markets. Our products and services are generally provided under written agreements, with contracts for repetitive services generally terminable upon relatively short notice.

Customer retention is an important factor in the amount and predictability of revenue and profits in our HRS businesses. The length of time it takes for a contract to become profitable depends on a number of factors such as the pricing of the contract, the number of employees covered by the contract, the complexity of the services involved, the amount of customization of services required and the number of locations in which the customer s employees are located. The longer we are able to retain a customer, the more profitable that contract will likely be.

Sales and Marketing

Our HRS services are sold in the United States through our direct sales force operating throughout the country. We currently utilize, and seek to develop other, cooperative marketing relationships with other companies offering products or services that complement our businesses as well as informal and formal marketing alliances with human resource consulting firms, other outsourcing firms and benefits brokers. The most significant source of customer leads for these transaction-based products and services are referrals from these marketing relationships and existing customers, and other direct marketing efforts such as web marketing, telemarketing, direct mail and trade shows. Our international HRS operations, principally located in Canada and the United Kingdom, utilize their own direct sales forces. Customer leads for the products and services of these businesses are generally obtained through referrals, trade shows, product demonstration seminars, third-party resellers and direct sales efforts. We are exploring additional cooperative arrangements with other benefits brokers and human resource services providers. We are also seeking to sell a greater variety of our products and services to the customers of our various businesses.

Competition

The human resource solutions industry is highly competitive. Competition comes from national, regional and local third-party transaction processors, as well as from software companies, consulting firms, governments, enterprise wide providers of financial services, complete enterprise outsourcing providers, including information technology providers, and internally developed and operated systems and software.

We believe that the majority of all payroll processing and tax filing in the United States, Canada and the United Kingdom is supported by in-house systems, with the remainder supported by third-party providers. In the United States, we believe that ADP is the largest third-party provider of payroll processing in terms of revenue,

with Paychex, Inc. and Ceridian comprising the other two large, national providers in terms of revenue. Other third-party payroll and tax filing providers are generally regional and local competitors, although larger, national providers of benefits administration and 401(k) processing services or financial institutions may expand further into outsourced payroll processing. In Canada, we believe that Ceridian Canada is the second largest outsourced payroll services provider in terms of revenue, facing competition from other national providers, including ADP, and local providers. In the United Kingdom, we believe that Ceridian UK is the second largest outsourced payroll processing provider in terms of revenue, competing with several other national providers, including a subsidiary of ADP and a division of Northgate Information Solutions, and local providers. Competition in both the payroll processing and HRIS areas also comes from a number of large, national software companies that provide both payroll processing software for in-house processing as well as HRIS software, often in conjunction with other enterprise management software applications.

Apart from payroll processing and tax filing, our other human resource solutions generally compete with a variety of national and regional application software companies, consulting firms, financial services companies and human resource services providers. Generally, the markets for these products and services are evolving.

Currently, we believe the principal competitive factors for us in the human resource solutions industry are:

- repeatable and reliable transaction processing with timely and accurate access to data;
- servicing our customers;
- choice of services;
- performance;
- price;
- functionality;
- ease and flexibility of use;
- expertise in HR processes;
- integrated platforms;
- regulatory compliance in the delivery of products and services; and
- data security and privacy.

We believe that the ability to integrate transaction processing and broader human resource management solutions with a customer s other acquired services and in-house applications are increasingly important competitive factors. While we believe our businesses will be able to compete effectively in the overall human resource solutions market, our ability to compete effectively will depend in large measure on our ability to provide reliable and repeatable transaction processing. Without attention to our core capabilities, our opportunity to deliver further

value to new and existing customers will be severely restricted.

Regulation

The delivery of services by HRS is subject to various local, state, federal and international laws, statutes and regulations. For example, tax filing services must comply with the applicable regulatory requirements of the various taxing authorities. Additionally, through contract or directly applicable regulation, various data security and privacy interests of our customers must be protected.

Research and Development

We intend to continue to invest resources in our proprietary payroll processing systems and further develop a comprehensive and fully integrated suite of employee administrative services.

The table below reflects the amount of research and development expenses for our HRS businesses for the periods indicated.

	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
	(dollars in millions)				
Research and development	$ 16.3	$ 2.2	$ 19.8	$ 21.1	$ 22.1
Percent of HRS revenue	2.0%	1.3%	2.1%	1.9%	2.1%

SVS

SVS is a provider of stored value cards to customers principally in the retail, restaurant, airline, hospitality and entertainment, and service industries in the United States. SVS currently provides stored value card programs to more than 450 merchants, for use as gift cards, credits for returned products and retail promotions. In 2007, SVS delivered more than 520 million stored value cards and processed approximately 1 billion transactions, primarily in the United States. We have a small but growing international presence and process transactions originating from 32 other countries. SVS is based in Louisville, Kentucky. SVS revenue from products and services for the nine months ended September 30, 2008 and the years ended December 31, 2007, 2006 and 2005 was as follows:

	Nine Months Ended September 30, 2008	Period from November 10, 2007 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
	(dollars in millions)				
Revenue	$ 28.2	$ 15.2	$ 162.0	$ 153.8	$ 125.8

Products and Services

SVS provides, among other services, stored value card programs to major retailers that are used as gift cards, gift certificates, credits for returned product and retail promotions. With respect to stored value cards, SVS provides transaction processing and reporting services. Customers may also choose to purchase cards alone. SVS also provides ancillary support services including card inventory management and assistance in designing and supervising the production of plastic cards. SVS believes that its cards, transaction reliability, card maintenance/inventory programs and reporting capability provide benefits to retailers and their customers, including ease of use and controls previously difficult to realize. In 2006, SVS expanded its product offering through the acquisition of the remaining interest in SASH Management, L.L.C. d/b/a Gift Card Solutions and Gift Check Solutions, a mid-market provider of gift certificates and gift cards, and substantially all of the assets of HQ Gift Cards, LLC, a provider of mall gift card program management services.

SVS sells its stored value cards and ancillary services throughout the United States, Canada, Germany, Australia, Japan, France and the United Kingdom through a direct sales force. SVS sales efforts are also being conducted to retailers and other merchants with locations throughout the world. All SVS transaction processing is conducted in Louisville, Kentucky, with a redundant data center in Brentwood, Tennessee, regardless of the location in the world where the sale occurs or the card is used.

Suppliers

SVS current business relies upon relationships with third-party suppliers, such as manufacturers of plastic gift cards. The ability of SVS to continue to provide some of its services in the manner in which it currently delivers them may be affected by actions taken by such third-party suppliers.

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Competition

SVS competes with a number of national companies in providing private label cards, including First Data Corporation and Chase Paymentech Solutions LLC. SVS competes on the bases of breadth of services offered, systems, technology and price. We believe that one of the competitive weaknesses of SVS is that most of its competitors have established relationships with many of the potential customers of SVS and provide additional and unrelated products and services to these customers, such as credit card processing and check authorization services. By providing these other services which SVS does not provide, these competitors have an advantage of being able to bundle their products and services together and present them to existing customers with whom they have established relationships. We believe a competitive weakness of SVS is that its competitors have greater financial, sales and marketing resources and better brand name recognition than SVS.

We believe the competitive strengths of SVS are:

information and communications systems that provide real-time connectivity with retailers existing platforms;

breadth of solutions offered; and

experience in transaction processing and related services providing for high quality control and reduced time of implementation of stored value card solutions.

Regulation

Stored value cards in general, and gift cards specifically, may be subject to various federal, state and foreign laws and regulations, which may include laws and regulations related to consumer and data protection, licensing, escheat, anti-money laundering, and banking and trade practices. At this time and based on SVS existing operating model we believe these laws and regulations as currently in effect have no material impact on SVS or its operations, except to the extent of their application to SVS customers and other third parties. SVS services may also be subject to various rules and regulations of the networks and associations in which SVS and its customers and other related third parties participate. However, these laws and regulations are evolving, unclear and sometimes inconsistent and subject to judicial and regulatory challenge and interpretation, and therefore the extent to which these laws may evolve or have application to, and their impact on, SVS in the future is uncertain.

Research and Development

SVS research and development activities principally include applications development for existing products and services and new product development for private commerce solutions. SVS anticipates a continuing need to develop applications to enhance its products and services to meet the needs of its customers. Further, SVS expects to develop applications to bring additional features to its products and services, thus enhancing their use in new segments and industries. The table below reflects the amount of research and development expenses for SVS for the periods indicated.

	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	2005
			(dollars in millions)		
Research and development	$ 1.6	$ 0.4	$ 1.6	$ 1.9	$ 1.0
Percent of SVS revenue	2.4%	2.6%	1.0%	1.2%	0.8%

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Comdata

Comdata provides payment solutions, transaction processing and related services to its customers in a variety of industries such as trucking, government services, aviation, construction, retail, restaurants and hospitality. Payment solutions range from credit and debit cards, fleet, fuel, payroll, purchasing and travel and entertainment cards. As a transaction processor, Comdata s platforms support both its proprietary and branded card networks, as well as card processing for certain other card types. Comdata also provides regulatory compliance services primarily to the transportation industry. Less than 2% of Comdata s revenue for each of 2007, 2006 and 2005 was derived from customers outside of the United States. Comdata s revenue from products and services for the nine months ended September 30, 2008 and the years ended December 31, 2007, 2006 and 2005 was as follows:

	Nine Months Ended September 30, 2008	Period from November 10, 2007 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
			(dollars in millions)		
Revenue	$ 99.0	$ 46.2	$ 289.0	$ 311.5	$ 283.1

Products and Services; Customers

Comdata provides payment solutions, transaction processing, information management, regulatory compliance, financial and other related services to customers within the transportation industry, primarily to companies in the trucking industry. Comdata sells such services through a direct sales force located at its headquarters in Brentwood, Tennessee. Such services are provided to trucking companies, truck stops, and long haul (e.g., long-distance carriers) and local fleets (e.g., local delivery companies, home maintenance companies and local and state government agencies). Comdata s services primarily involve the use of the Comdata Card to facilitate truck driver transactions and to provide transaction control and trip information for trucking firms. Comdata also markets credit cards and transaction processing in association with MasterCard networks.

The Comdata Card product is a payment card with credit and debit capabilities principally designed to provide businesses with control over payments to and spending by their employees. The Comdata Card allows businesses to authenticate and authorize individual employee purchases. A Comdata customer can review reports of transactions made by its employees over the Internet, as well as request the issuance of new cards. The Comdata Card offers businesses the capability of performing these services on a single, customizable employee card. The Comdata Card may be customized for each individual employee within a business. Although the Comdata Card is primarily used by Comdata s trucking customers, Comdata believes that the Comdata Card has application to businesses in a variety of industries.

Comdata s payment services division provides pay cards used by its customers to pay their employees. The pay card service allows employers to post or load payment of wages and other payments, such as expense reimbursements, to cards issued to employees and other recipients. Cardholders, in turn, may access these funds in a number of ways, including withdrawal of cash from ATMs, purchases at stores or use of a Comchek draft. Comdata markets this card-based funds distribution service to a variety of employers, such as temporary staffing companies, professional employment organizations, custodial companies, the restaurant and hospitality industries, and retailers, including the customers of SVS.

Comdata also provides assistance in obtaining regulatory permits, pilot car services, and other compliance services, such as fuel tax reporting and driver log auditing, and local fueling services to its trucking company customers.

Fleet Services. Comdata s financial services, most commonly initiated through the use of the Comdata Card, are designed to enable truck drivers to obtain funding for purchases and cash advances at truck stops and other locations en route to their destination. Drivers may use the Comdata Card to purchase fuel,

lodging and other approved items, obtain cash advances from ATM machines or through the use of Comchek drafts (drafts that are drawn on Comdata and payable through a bank), and make direct deposits of pay, settlements (for non-employee owner-operators) or trip advances to personal bank accounts.

Use of the Comdata Card allows the trucking company customer greater control over its expenses by allowing it to set limits on the use of the cards, such as by designating locations where the cards may be used, and the frequency and amount of authorized use. Use of a Comdata Card also enables Comdata to capture and provide transaction and trip-related information to trucking company customers. This information greatly enhances a customer s ability to track and plan fuel purchases and other trip expenses and to settle with drivers. Comdata also provides information gathering and processing services in connection with fueling transactions that Comdata does not fund, but that are billed instead directly by the truck stop to the trucking company. Fees for these direct bill transactions are substantially lower than fees for Comdata funded transactions. Comdata also provides fuel price tracking reports and fuel management programs within a network of truck stops, including cost/plus fuel purchase programs.

Comdata also provides trucking companies with online access to Comdata s computer system for data on fuel purchases and other trip information, facilitating pre- and post-trip planning functions. Comdata s web-based portal enables customers to go online from their computer for interactive reporting capabilities, the latest diesel fuel prices and related information.

In addition to the Comdata Card, Comdata provides Comchek drafts, or Comcheks. Comcheks are used by Comdata s commercial customers to pay for business expenses and for their employees and agents to obtain cash. Comcheks may also be used by Comdata s prepaid/debit cardholders to pay for personal expenses and to withdraw cash from their card balances. Comcheks have to be registered in Comdata s system for specific dollar amounts before they can be used. Customers initiate the registration process by calling Comdata. Comdata will register Comcheks on a customer s account based on the credit limit or prepaid balance and parameters established for that customer. The person cashing the Comchek is instructed on the face of the Comchek to call Comdata to obtain an authorization number before cashing. The Comchek is deposited into and clears through the banking system like a check.

Comdata s regulatory compliance division assists in determining the permits needed for a designated trip, truck and load; purchases those permits on behalf of the customer; and delivers them to the carrier or a truck stop where they can be picked up by the driver. Comdata also provides other regulatory compliance services, such as processing and auditing of driver trip logs, reporting of fuel taxes, annual licensing and motor vehicle registration verification. Pilot services for oversized loads are also provided.

Truck Stop Services. Comdata maintains a nationwide electronic data network with 24-hour independent truck stop service centers that utilize point-of-sale devices and other computer equipment to facilitate communication with Comdata s database and operations centers. The service centers accept Comdata s payment instruments as a method of payment pursuant to a service center agreement with Comdata.

Comdata s merchant services division provides fueling centers with PC-based, point-of-sale systems that automate the various transactions that occur at a fuel purchase desk and systems that enable customers to transact card-based fuel purchases at the fuel pump. These systems accept many types of fuel purchase cards currently used by drivers. The merchant services division additionally offers point-of-sale systems for use at attended and unattended fuel sites.

Local Fueling. Comdata is a provider of fuel management and payment systems for local transportation truck fleets. Comdata provides local fleet operators with Comdata MasterCard corporate fleet cards that offer the fleet operators transaction control and trip-related information gathering features similar to those of the Comdata Card.

Financial Services. Comdata s financial services business purchases accounts receivable due to trucking companies from manufacturers and shippers at a discount and with recourse back to the trucking

company in the event of non-payment. This allows trucking companies to receive payment on shipping invoices sooner than they may otherwise receive payment from shippers.

Comdata provides services to more than long-distance and local trucking fleet customer accounts. Comdata also provides services to truck stops, travel centers and repair facilities nationwide. Contracts for these services generally range from one to three years in duration.

Comdata is also pursuing fixed based operators that service private airplanes and airplane fleets. Comdata expects to provide these aviation customers with controlled spending solutions offered through the Comdata Card. Comdata will provide flight managers with flexibility, efficiency, service and control over operations. Benefits include consolidated billing for all trip-related expenses, with line-item detail, as well as the management of expenditures including fuel purchases, repairs, travel and entertainment, and fuel discount administration.

Competition

The principal competitive factors relevant to transaction processing are marketing efforts, pricing, reliability of computer and communications systems and time required to effect transactions. The major credit and debit card associations and companies, such as Visa, MasterCard, American Express and Discover, are significant competitors of Comdata since they make cash available to, and facilitate purchases of fuel and other products by, holders of their cards on a nationwide basis. Several other companies also offer similar services, including First Data Corporation, T-Chek Systems, Inc., Fleet One, L.L.C., FleetCor and Wright Express Corp. In addition, truck stops often negotiate directly with trucking companies for a direct billing relationship. Some of Comdata s competitors, such as Transportation Clearing House, LLC, an affiliate of Flying J, Inc., are under common ownership with entities that operate or franchise nationwide truck stop chains. In addition, Comdata competes with truck stops and other service centers that offer similar products and services.

While the majority of regulatory services continue to be performed by customers in-house, at least one other nationwide company, Xero-Fax, Inc., and several regional companies, including The Permit Company, provide permit services similar to those provided by Comdata. Competition in this market is influenced by price, the expertise of personnel and the ease with which permits may be ordered and received. In addition, we believe that technological advances will impact the way regulatory services are delivered and may give rise to new competitors or change the way this service is offered.

We believe that Comdata s competitive strengths include its:

- ability to provide services to trucking companies and drivers at a large number of locations in the continental United States and Canada;
- ability to offer a variety of services, frequently tailored to an individual customer s needs;
- proprietary databases regarding funds transfers and fuel purchases;
- long-term relationships in the transportation industry;
- high quality of customer service; and
- positive reputation in the transportation industry.

Research and Development

Comdata s research and development activities principally include applications development for existing products and services, and the new product development for private commerce solutions. Comdata anticipates a continuing need to develop applications to enhance its products and services to meet the needs of its customers. Further, Comdata expects to develop applications to bring additional features to its products and

services, thus enhancing their use in new segments and industries.

The table below reflects the amount of research and development expenses for Comdata for the periods indicated.

	Nine Months Ended September 30, 2008	Period from November 10 to December 31, 2007	Period from January 1 to November 9, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
	(dollars in millions)				
Research and development	$ 3.6	$ 1.4	$ 5.3	$ 5.6	$ 5.6
Percent of Comdata revenue	1.3%	3.0%	1.8%	1.8%	2.0%

Suppliers

Comdata s current business relies upon relationships with suppliers and other third-parties, such as MasterCard, to effect and support transactions, including access to the MasterCard network, Cirrus ATM network and the Maestro point-of-sale debit network. The ability of Comdata to continue to provide some of its services in the manner in which it currently delivers them may be affected by actions taken by suppliers and other third-parties, including MasterCard or other similar card associations.

Network and Data Processing Operations

Comdata and SVS together operate two communications and data processing facilities, one located in Brentwood, Tennessee and the other in Louisville, Kentucky. All internal data processing functions for Comdata s business, including its payment processing systems, and SVS are conducted in one of these two facilities, depending on the application, process or transaction being performed. These dual sites operate in tandem with one another to execute certain functions. Moreover, each facility serves as a back-up facility for the other in connection with various activities.

International Operations

Approximately 27.3% of HRS revenue in 2007 was obtained from our international operations. Our Ceridian Canada operations provide certain HRS services for our Canadian customers, and our Ceridian UK subsidiary primarily provides certain HRS services in the United Kingdom. We are beginning to expand our international HRS business into other countries by engaging a partner within a country to provide us with payroll administration and processing services for that country. Comdata also has operations in Canada, and is expanding its transportation businesses internationally. SVS is also expanding its business internationally. Approximately 5% of SVS and approximately 2% of Comdata s revenues in 2007 were derived from customers outside of the United States.

Regulation

Many states require persons engaged in the business of money transmission or the sale or issuance of payment instruments, such as the Comchek draft, to obtain a license from the appropriate state agency. Comdata is licensed in 41 states, and is subject to the various state requirements to maintain these licenses, including posting bonds, periodic reporting and annual examinations. Comdata believes that it is currently in compliance in all material respects with the regulatory requirements applicable to its business. The failure to comply with the requirements of any particular state could significantly adversely affect our business in that state.

Other Investments and Divestitures

We refer you to Note 4, Investing Activity, and Note 12, Supplementary Data to Statements of Operations, in our audited consolidated financial statements.

Intellectual Property

We own or license a number of trademarks, tradenames, copyrights, service marks, trade secrets and other intellectual property rights that relate to our products and services. Although we believe that these intellectual property rights are, in the aggregate, of material importance to our businesses, we believe that none of our businesses are materially dependent upon any particular trademark, tradename, copyright, service mark, license or other intellectual property right. We believe, however, that the Ceridian and Comdata names, marks and logos are of material importance to us. U.S. trademark and service mark registrations are generally for a term of 10 years, renewable every 10 years as long as the trademark or service mark is used in the regular course of trade.

We have entered into confidentiality agreements with most of our key employees and consultants. In addition, we have entered into license agreements with customers of our businesses, which agreements impose restrictions on these customers use of our proprietary software and other intellectual property rights.

Seasonality

Because the volume of payroll items processed increases in the fourth quarter of each year in connection with employers year-end reporting requirements, our HRS revenue and profitability tend to be greater in that quarter. The gift card business of SVS is greatest generally from September through January, as merchants prepare for the holiday seasons and consumers purchase and use gift cards in greater volumes during these months. SVS billable fees are therefore greater during this period. In Comdata, trucking activity has traditionally diminished at the end of December of each year, which has led to declining accounts receivable and drafts payable balances and increased cash flow from operations at the end of the year.

Employees

As of September 30, 2008, we employed approximately 8,860 people on a full- or part-time basis. None of our employees are covered by a collective bargaining agreement.

Backlog

Although our businesses are typically characterized by long-term customer relationships that result in a high level of recurring revenue, a substantial portion of our customer contracts used by our businesses can be terminated by our customers upon relatively short notice periods, including contracts that have been extended beyond their original terms. In addition, orders for products and services can be terminated by our customers, and no order for one of our products or services is considered firm until the contract is executed. The timing of the delivery of our products and services is largely dependent upon the customer. As such, we do not have backlog information that can be provided for our businesses.

In our HRS business, we do, however, track the estimated dollar value of a year s worth of product or service orders from our customers that have not yet been billed or installed. Although not a reported number, this metric is used by management as a planning tool relating to resources needed to install products and services, and a means of assessing our performance against installation timing expectations of us and our customers.

Legal Proceedings

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

Some of these matters raise difficult and complex factual and legal issues, and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum and law

under which each action is proceeding. Because of this complexity, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities.

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

Securities Class Action and Derivative Action

Since August 6, 2004, six shareholder lawsuits have been filed against Ceridian and certain of our former executive officers in the United States District Court, District of Minnesota. Those lawsuits were consolidated into a single case captioned In re Ceridian Corporation Securities Litigation, Case No. 04-cv-03704 PJS-RLE. This consolidated action purports to be a class action filed on behalf of all persons who purchased or otherwise acquired our common stock between April 17, 2003 through and including March 17, 2005, and allege claims against Ceridian and certain of our former executive officers under Sections 10(b) and 20(a) of the Exchange Act. Plaintiffs challenge the accuracy of certain public disclosures made by us regarding our financial performance, and in particular our accounting for revenue and expenses, accounting for capitalization, accounting for derivatives, accounting for long-term leases, and accounting for trademarks. Plaintiffs allege, in essence, that our series of restatements constituted a violation of Section 10(b) and 20(a) of the Exchange Act. On May 25, 2006, the United States District Court, District of Minnesota granted our motion to dismiss the consolidated class action complaint and gave leave to the plaintiffs to file an amended complaint. An amended complaint was filed on July 14, 2006. Our motion to dismiss the amended consolidated class action complaint with prejudice was granted on June 5, 2007. Plaintiffs appealed that decision on July 3, 2007. Oral arguments at the Eighth Circuit Court of Appeals were held on April 14, 2008. On September 11, 2008, the Eighth Circuit Court of Appeals affirmed the dismissal of the amended consolidated class action complaint.

Since August 13, 2004, two shareholders filed derivative suits on behalf of Ceridian against Ceridian, as nominal defendant, certain current and former directors and certain of our former executive officers in the United States District Court, District of Minnesota. James Park, Derivatively On Behalf of Ceridian Corporation v. Ronald L. Turner, et al., and Anthony Santiamo, Derivatively On Behalf of Ceridian Corporation v. Ronald L. Turner, et al., both served August 19, 2004. These complaints were consolidated into a single lawsuit. The consolidated lawsuit, which relies on the same factual allegations as the purported class action shareholder lawsuits described above, alleges that our Board of Directors as of August 2004 and certain of our former executive officers breached fiduciary duties, through abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. In connection with the settlement of Sullivan v. Marinello, et al., Case No. 27-CV-07-12994, discussed below, the consolidated lawsuit was dismissed with prejudice on April 28, 2008.

Securities and Exchange Commission Investigation

On January 22, 2004, we announced that we were responding to a document request from the Commission, and that we had been advised that the Commission had issued a formal order of investigation. In February 2004, we provided documents responsive to the Commission. In July 2004, we advised the Commission of an investigation being directed by the Audit Committee of our Board of Directors. We kept the Commission advised on a regular basis of the Audit Committee s investigation. On December 10, 2004, we received a further formal confidential document request from the Commission. The second request broadened the areas of inquiry to include, among other things, our restatements, revenue recognition, capitalization, expense recognition, how we respond to any internal ethics complaints, and our accounting policies and procedures. The formal document

requests state that the Commission investigation is a non-public, fact-finding inquiry, and that the investigation and document requests do not mean that the Commission has concluded that we have violated any securities laws. As is common in investigations by the Commission, on June 15, 2005, we received a subpoena from the Commission seeking certain additional documents that relate to some of the areas of inquiry identified above. The subpoena is consistent with investigations of this type and was anticipated. On January 8, 2007, we received a second subpoena seeking additional documents relating to the areas of inquiry identified above. We continue to fully cooperate with the Commission.

Post-Transactions Matters

Two suits filed against Ceridian and/or its Board of Directors before the Transactions have been settled since the consummation of the Transactions.

Minneapolis Firefighters Relief Association Litigation. On June 4, 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, the Sponsors and certain of their affiliates, challenging the proposed transaction as inadequate and unfair to Ceridian s public stockholders. The complaint alleged that the directors breached their fiduciary duties and that the Sponsors and certain of their affiliates aided and abetted the alleged breaches of fiduciary duty in entering into the merger agreement related to the Acquisition (the Merger Agreement). The complaint sought, among other relief, class certification of the lawsuit, declaratory relief, an injunction against the Acquisition, 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 provided that buyers could 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). The Court of Chancery scheduled the requested trial on the Section 211 claim and the validity of Section 7.1(j) of the Merger Agreement to take place simultaneously on August 1-2, 2007. The parties engaged in extensive expedited discovery of parties and third parties.

On June 26, 2007, plaintiff filed an amended complaint, expanding on the existing allegations, adding disclosure claims, and challenging the provision of the confidentiality agreements signed by potential bidders that precluded requesting a waiver of the standstill provisions. At the request of plaintiff, the court scheduled a preliminary injunction hearing regarding the challenged standstill provisions and certain deal protections in the Merger Agreement to take place on August 3, 2007, immediately after the already scheduled August trial. On July 12, 2007, the parties advised the Delaware Court of Chancery that they had reached a partial settlement of the actions. The parties agreed to settlement terms that include, among other things: (1) the entry of an order providing that the annual meeting of Ceridian stockholders would be held on September 12, 2007 at which meeting stockholders would be permitted to vote with respect to the election of directors and the Acquisition; (2) Ceridian eliminating the provision of the confidentiality agreements entered into with the third parties during the strategic alternatives process prohibiting the third parties from requesting that Ceridian amend or waive any part of the standstill provision of the confidentiality agreement; (3) amending the Merger Agreement to eliminate a provision permitting buyers to terminate the Merger Agreement upon an election of a new board of directors comprised of a majority of directors not nominated by the current board; and (4) amending the Merger Agreement to change the definition of superior proposal thereunder, decreasing the trigger from 66 2/3% to 40% of Ceridian s assets or stock. The Sponsors and one other signatory requested and received waivers of the standstill provision.

In connection with the proposed settlement, the court entered an order directing that the annual meeting would be held on September 12, 2007 at which meeting stockholders were permitted to vote with respect to the election of directors and the Acquisition. The settlement was subject to court approval. Plaintiff s counsel reported to the court that the plaintiff had shared the terms of the proposed settlement with Pershing Square Capital Management, L.P. (Pershing Square) and Pershing Square provided input regarding the terms of the

settlement. Plaintiff further reported to the court that Pershing Square had advised plaintiff s counsel that it would not oppose the motion seeking approval of the settlement. As part of the settlement, the plaintiff reserved the right to assert certain claims relating to the termination fees, claims arising from conduct after July 11, 2007 and any disclosure issues that plaintiff raised with defendants no less than five days before Ceridian s definitive proxy statement was filed with the Commission which the parties were unable to resolve in good faith. Plaintiff s counsel submitted extensive comments regarding proposed additional and amended disclosures prior to the filing of the definitive proxy statement, which Ceridian considered and responded to in preparing the definitive proxy statement. There were no disclosure issues raised by plaintiff in this process that the parties were not able to resolve in good faith.

Following notice to the class and a hearing, an amended settlement was approved by the court on February 25, 2008. The court s order included dismissal of the Delaware litigation with prejudice and the release of a broad set of claims against the defendants by the entire plaintiff class of the predecessor company stockholders, including the named plaintiff in this action, while reserving decision on plaintiff counsel s request for an award of attorneys fees and expenses. The Court of Chancery s order finally approving the settlement has now become non-appealable. As set forth in a court order filed on March 24, 2008, the parties reached an agreement on an award of attorneys fees and expenses to plaintiff s counsel in the amount of $5.1 million and such amount was paid by us on April 2, 2008.

Sullivan Litigation. On June 20, 2007, Patrick Sullivan brought a putative class action lawsuit in Minnesota state court, Case No. 27-CV-07-12994, against Ceridian s president and chief executive officer and members of its Board of Directors, along with the Sponsors. The complaint alleged, among other things, breach of fiduciary duties by the individual defendants in connection with Ceridian s entry into the Merger Agreement. The complaint also alleged that the Sponsors aided and abetted the alleged breaches. Among other things, the complaint challenged the merger consideration offered to Ceridian shareholders in connection with the Acquisition as inadequate and challenged Section 7.1(j) of the Merger Agreement. The plaintiff sought class certification and requested, among other things, an order enjoining consummation of the Acquisition. Plaintiff also sought costs and disbursements of the action, including attorneys fees. On August 2, 2007, the parties reached an agreement to settle the case. The terms of the settlement included an agreement by the us to make certain additional disclosures, which were included in our definitive proxy statement distributed to stockholders in connection with the Acquisition. The terms of the settlement also included, among other things: (i) an agreement by the plaintiff that the action will be stayed pending court approval of the proposed settlement of the actions brought in the Delaware Court of Chancery by the Minneapolis Firefighters Relief Association; and (ii) dismissal with prejudice of the action upon court approval of the settlement of the Delaware litigation. Defendants also agreed not to object to a request by Minnesota plaintiff s counsel to the Minnesota court for attorneys fees in an amount not to exceed $0.3 million and agreed to pay costs of notice. Following the Delaware court s order finally approving the settlement of the Delaware litigation, plaintiff s counsel in this Minnesota litigation stipulated to a dismissal to be submitted for the court s approval and the case was dismissed on May 5, 2008.

Other Matters

Truck Stop Litigation. In March and April 2007, six representatives of owner-operated independent-truck stops located in several states filed nearly identical complaints in the United States District Court for the Eastern District of Pennsylvania against Ceridian and its wholly-owned subsidiary Comdata, alleging anticompetitive conduct with respect to trucker fleet card and point-of-sale systems businesses in violation of the Sherman Antitrust Act, Sections 1 and 2. The plaintiffs seek class certification and are asking for damages described by plaintiffs as the overcharges plaintiffs and other members of the class paid to defendants, trebled; pre- and post-judgment interest; injunctive relief to prevent further anticompetitive conduct; and the costs of suit, including reasonable attorneys fees. We believe these claims are without merit, and we intend to vigorously defend our positions in these actions. Pursuant to a tolling agreement, plaintiffs have agreed to voluntarily dismiss Ceridian without prejudice, subject to their limited right at a later date to seek leave of the court to rejoin Ceridian as a defendant.

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Flying J Litigation. In January 2008, Flying J filed a motion seeking to add Comdata as a defendant to the action it originally filed against TravelCenters of America (TA) and Pilot Corporation and Pilot Travel Centers (Pilot). In March, that motion was granted and the new complaint was filed on March 18, 2008. Flying J alleges that Comdata, TA and Pilot engaged in an unlawful boycott against Flying J in violation of Section 1 of the Sherman Act. Flying J further alleges that the alleged boycott amounts to a conspiracy and that the alleged conspiracy violates Section 2 of the Sherman Act. Flying J makes similar state claims under the laws of Utah and further alleges civil conspiracy and tortious interference. As to Comdata only, Flying J makes allegations of unlawful monopolization and unlawful attempts to monopolize. Flying J seeks injunctive relief as well as an unspecified amount of damages, prejudgment interest and costs of litigation, including attorney fees. We currently believe these claims have no merit and intend to defend ourselves vigorously. In May 2008, Flying J and TA agreed to settle their dispute and TA has been dismissed from the lawsuit.

Properties

Our principal executive offices are located at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425. As of September 30, 2008, the principal computer and office facilities used in our businesses were located in the metropolitan areas of Minneapolis, Minnesota; Atlanta, Georgia; Los Angeles, California; Chicago, Illinois; St. Louis, Missouri; Louisville, Kentucky; Raleigh, North Carolina; Nashville, Tennessee; Dallas, Texas; El Paso, Texas; St. Petersburg, Florida; Philadelphia, Pennsylvania; in London, Manchester and Reading, England; in Glasgow, Scotland; in Winnipeg, Manitoba, St. Laurent, Quebec and Markham, Ontario, Canada; and in Ebene, Mauritius.

The following table summarizes the usage and location of our facilities as of September 30, 2008:

Facilities

(in thousands of square feet)

	U.S.	Non-U.S.	Total
Type of Property Interest			
Owned	388		388
Leased	1,529	436	1,965
Total	1,917	436	2,353
Property Interest by Segment			
HRS	1,445	425	1,870
SVS	83	0	83
Comdata	319	11	330
Corporate	70		70
Total	1,917	436	2,353
Utilization of Property			
Office, Computer Center & Other	1,858	436	2,294
Leased or Subleased to Others	59		59
Total	1,917	436	2,353

With the exception of our St. Petersburg, Florida facility, we conduct all of our operations in leased facilities, including our 193,214 square feet Minneapolis headquarters complex in Minneapolis, Minnesota. Most of these leases contain renewal options and require payment for taxes, insurance and maintenance.

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MANAGEMENT

As of December 12, 2008 our executive officers, significant employees and directors and their respective ages and positions are:

Name	Age	Position
Kathryn V. Marinello	52	Chairman, President, Chief Executive Officer and Director
Gregory J. Macfarlane	38	Executive Vice President and Chief Financial Officer
James Burns	62	Executive Vice President and President, Ceridian International
Perry H. Cliburn*	50	Executive Vice President, Chief Information Officer
Brett Rodewald	45	President, Comdata Network, Inc.
Michael F. Shea	43	Executive Vice President, Quality & Service Operations
Michael W. Sheridan	46	Executive Vice President, General Counsel and Corporate Secretary
Kairus K. Tarapore	47	Executive Vice President, Human Resources
Brent B. Bickett	44	Director
William P. Foley, II	63	Director
Thomas M. Hagerty	45	Director
Scott L. Jaeckel	38	Director
Soren L. Oberg	38	Director
Alan L. Stinson	63	Director

* On September 3, 2008, we entered into a mutual termination agreement with Mr. Cliburn, one of our named executive officers. Under the terms of the agreement, Mr. Cliburn s employment with us will terminate effective December 31, 2008, at which time his employment agreement with us will be terminated. It is anticipated that Mr. Cliburn will continue to serve as our executive vice president, chief information officer until December 31, 2008. See Executive Compensation Severance Payments to Perry H. Cliburn.

Kathryn V. Marinello was named President and Chief Executive Officer of Ceridian Corporation on October 9, 2006. From 2002 to October 2006, Ms. Marinello was President and Chief Executive Officer of multiple large GE businesses, including Fleet Services, Consumer Financial Services, Partnership Marketing Group and the GE Financial Network. Before joining GE, Ms. Marinello was President of the Electronic Payments Group at First Data Corporation, which provides electronic banking and commerce, debit and commercial processing to the financial services industry. Before this role, she served as president of U.S. Bank Card Services, a wholly-owned subsidiary of U.S. Bank. She also worked at Chemical Bank, leading their marketing, information service, and financial department, and at Citibank and Barclays as controller. In addition, Ms. Marinello serves on the board of directors of General Motors, the executive committee of the Minnesota Business Partnerships, the board of directors and audit committee for the Greater Twin Cities United Way and is a member of the Business Roundtable. She holds a B.A. from the University at Albany, State University of New York and an M.B.A. in marketing from Hofstra University.

Gregory J. Macfarlane was named our Executive Vice President and Chief Financial Officer in March 2007. Prior to joining us, Mr. Macfarlane served as Executive Vice President and Chief Financial Officer for GE-WMC Mortgage from July 2004 to March 2007. Prior to that he served as the Chief Financial Officer for GE s Fleet Leasing Japanese Business from 1999 to 2001 and Partnership Marketing Group from 2001 to July 2004. Mr. Macfarlane holds an M.B.A. from the Kellogg School of Management, Northwestern University and has a B.B.A. from Wilfrid Laurier University.

James Burns was named Executive Vice President and President, Ceridian International in April 2007. Mr. Burns served as interim President of Comdata from May 2007 to August 2007. Prior to serving as President, Ceridian International, Mr. Burns was President of Ceridian Canada from November 2002. Prior to November 2002, he was our European Chief Financial Officer for five years. Prior to joining us in 1998, Mr. Burns was the

group Chief Financial Officer for PCL plc, an IT outsourcing and data capture company. Mr. Burns studied law and economics at Glasgow University and became a member of the Institute of Chartered Accountants of Scotland in 1972.

Perry H. Cliburn joined us in December 2006 as Executive Vice President and Chief Information Officer. Prior to joining us, Mr. Cliburn was the Senior Vice President and Chief Information Officer for Hewitt Associates Inc., a business process outsourcing company, from April 1999 to September 2006. Prior to that he was a Senior Vice President for First Data Corporation where he served from 1995 to 1999 and an associate partner at Arthur Anderson LLP from 1992 to 1995. He holds both a B.S. and an M.B.A. from Mississippi State University.

Brett Rodewald joined us in August 2007 as President of Comdata Network, Inc. Mr. Rodewald served as Executive Vice President and General Manager of Comdata s transportation services division from August 2003 to August 2007, and Executive Vice President of the finance and credit divisions of Comdata from February 2002 to July 2003. Prior to joining Comdata, Mr. Rodewald served as Vice President and Controller of the commercial group of Bank of America s card services division from 1999 to 2002. He holds a B.S. in finance from Arizona State University.

Michael F. Shea joined us in January 2007 as Executive Vice President, Quality & Service Operations. Prior to joining us, Mr. Shea served as Senior Vice President of Operations at GE Fleet Services from June 2003 to January 2007. Mr. Shea holds a B.S. in Business Administration from the University of North Dakota in Grand Forks.

Michael W. Sheridan was named our Executive Vice President, General Counsel and Corporate Secretary in November 2007. Mr. Sheridan served as General Counsel of Comdata and its subsidiaries from 1996 until November 2007. From 1991 to 1996, he was Comdata s associate general counsel. Prior to joining Comdata, Mr. Sheridan was an attorney in the Nashville office of Adams, Reese, Stokes & Bartholomew, P.A. He holds a B.A. from Vanderbilt University and received his J.D. from the University of Tennessee School of Law.

Kairus K. Tarapore joined us in December 2006 as Executive Vice President, Human Resources. Prior to joining us, Mr. Tarapore served in various positions with divisions of GE, including Senior Vice President, Global Quality of GE Fleet Services from October 2004 to December 2006; Vice President, Human Resources, of GE Auto Financial Services from July 2002 to September 2004; Human Resources Integration Leader of GE Fleet Services, Canada, from 2001 to 2002; and the Human Resources leader for GE Capital International Services (now Genpact), from 1999 to 2001. Mr. Tarapore holds a Bachelor of Commerce in Accounting from Sydenham College, Bombay University and a Master s Degree in HR from XLRI Jamshedpur, India.

Brent B. Bickett has served as a director since November 2007. Mr. Bickett joined FNF in January 1999 and currently holds the position of Co-President of FNF, a position he has served in since May 31, 2007. Mr. Bickett formerly held the position of Executive Vice President, Corporate Finance of FNF s predecessor company, and was responsible for mergers and acquisitions and business development efforts from March 2005. Prior to joining FNF s predecessor, Mr. Bickett was a member of the Investment Banking Division of Bear, Stearns and Co. Inc. from August 1990 until January 1999, serving since 1997 as a Managing Director of that firm s real estate and leisure group. Mr. Bickett holds a B.S. from the University of Southern California and an M.B.A. from Anderson School of Management at UCLA.

William P. Foley, II has served as a director since April 2008. Mr. Foley has served as the Executive Chairman of both FNF and FIS since October 2006. From October 2006 until May 2007, Mr. Foley served as Chief Executive Officer of FNF. Mr. Foley served as Chairman of the Board and Chief Executive Officer of FNF s predecessor company since its formation in 1984 until 2006 and as President of FNF s predecessor from 1984 to 1994. Mr. Foley is Chairman of the Board of FNF and FIS. Mr. Foley holds a B.S. from the United States Military Academy at West Point, an M.B.A. from Seattle University and a J.D. from the University of Washington School of Law.

Thomas M. Hagerty has served as a director since April 2008. Mr. Hagerty is a Managing Director of THL Partners. Mr. Hagerty has been employed by THL Partners and its predecessor, Thomas H. Lee Company, since 1988. Mr. Hagerty also serves a director of FNF, FIS, Hawkeye Energy Holdings, LLC, MGIC Investment Corporation, Inc. and Sedgwick Claims Management Services Inc. Mr. Hagerty holds a B.B.A. from the University of Notre Dame and an M.B.A. from Harvard Graduate School of Business Administration.

Scott L. Jaeckel has served as a director since November 2007. He is a Managing Director at THL Partners. Mr. Jaeckel worked at Thomas H. Lee Company from 1994 to 1996, rejoining in 1998. From 1992 to 1994, Mr. Jaeckel worked at Morgan Stanley & Co. Incorporated in the Corporate Finance Department. He currently serves as a director of MoneyGram International, Inc., Paramax Capital Group, Sedgwick CMS Holdings, Inc., Warner Music Group Corp. and other private companies. He holds a B.A. from The University of Virginia and an M.B.A. from the Harvard Graduate School of Business Administration.

Soren L. Oberg has served as a director since November 2007 and is a Managing Director at THL Partners, having joined the firm in 1993. Prior to joining THL Partners, Mr. Oberg worked at Morgan Stanley & Co. Incorporated in the Merchant Banking Division and at Hicks, Muse, Tate & Furst Incorporated. He currently serves as a director of American Media, Inc., Cumulus Media Partners, Grupo Corporativo Ono, Hawkeye Holdings LLC and West Corporation, and other private companies. Mr. Oberg holds an A.B. from Harvard College and an M.B.A. from the Harvard Graduate School of Business Administration.

Alan L. Stinson has served as a director since November 2007. Mr. Stinson is the Chief Executive Officer of FNF, a position he has served in since May 31, 2007, prior to that Mr. Stinson was Co-Chief Operating Officer for FNF. Mr. Stinson joined FNF s predecessor in October 1998 as Executive Vice President of Financial Operations, and in June 1999 was appointed Chief Financial Officer of FNF s predecessor. Prior to joining FNF s predecessor, Mr. Stinson was Executive Vice President and Chief Financial Officer of Alamo Title Holding Company from 1994 to 1998. He was a Partner at Deloitte & Touche, LLP from 1980 to 1994. Mr. Stinson holds a B.B.A. from the University of Texas.

The Board of Directors and Committees of the Board

All of our non-executive directors are designees of THL Partners or FNF. The Stockholders Agreement for Ceridian Holding, our parent, entered into in connection with the Transactions, requires up to three directors designated by THL Partners, up to three directors designated by FNF, and one management representative. The number of directors designated by each of THL Partners and FNF are subject to reduction if each of their respective ownership interests falls below certain specified percentages. In addition, our employment agreement with Kathryn V. Marinello provides that she will serve as Chair of our Board as long as she remains employed by us.

Prior to the Transactions, committees of the Board performed certain delegated Board functions. These committees included the Audit Committee, the Compensation and Human Resources Committee and the Nominating and Corporate Governance Committee. On the date of the Transactions, these committees were dissolved. With the exception of the recent appointment of an audit committee, discussed below, since the Transactions, no new committees were formed and all functions of the dissolved committees are performed by the Board.

Although not formally considered by our Board because our securities are not registered or traded on any national securities exchange, we do not believe that any of our directors would be considered independent for either Board or Audit Committee purposes based upon the listing standards of the New York Stock Exchange (the NYSE), the exchange on which our common stock was listed prior to the Transactions. We believe none of our directors would be considered independent because of their relationships with certain affiliates of the funds and other entities that hold significant interests in THL Partners and FNF, which owns approximately 99.61% of our outstanding common stock on a fully diluted basis, and other relationships with us, all as described more fully under Certain Relationships and Related Party Transactions.

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Audit Committee

Prior to the Transactions, this committee:

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

This committee also had 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, reported directly to the Audit Committee, and this committee had full oversight over all services performed by KPMG. This committee periodically met in separate executive sessions with KPMG, our general counsel and senior executives within our internal audit department.

From January 1, 2007 through November 9, 2007 (the date of the Transactions), our Audit Committee was composed of George R. Lewis (Chair), L. White Matthews, III, and William L. Trubeck.

Upon consummation of the Transactions, this committee was dissolved.

Effective October 2, 2008 we appointed an audit committee comprised of Scott L. Jaeckel and Alan L. Stinson, with Mr. Stinson serving as the committee s chairman. The audit committee has responsibility for, among other things:

- overseeing management s maintenance of our disclosure practices and the audits of our financial statements;
- overseeing management s establishment and maintenance of processes to assure that an adequate system of internal control is functioning;
- overseeing management s establishment and maintenance of processes to assure our compliance with all applicable laws, regulations and corporate policy;

investigating any matter brought to its attention within the scope of its duties and engaging independent counsel and other advisers as the audit committee deems necessary;

reviewing our annual and quarterly financial statements and prior to any release of earnings;

reviewing and assessing the adequacy of any formal written charter on an annual basis;

reviewing and approving all related person transactions for potential conflict of interest situations on an ongoing basis;

determining compensation of and reviewing the performance of the independent accountants and appointing or terminating the independent accountants and considering and approving, in advance, any non-audit services proposed to be performed by the independent accountants; and

handling such other matters that are specifically delegated to the audit committee by our board of directors from time to time.

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Compensation and Human Resources Committee

Prior to the Transactions, this committee:

- approved the compensation and benefits of our executive officers, including the chief executive officer;
- reviewed the process of managing executive succession, diversity and development;
- assessed the adequacy of our human resource policies and principles;
- determined compensation policies, practices and structures to attract and retain our key executives; and
- recommended to the Board compensation for non-employee directors.

The committee 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 prospectus.

Between January 1, 2007 and November 9, 2007 (the date of the Transactions), the compensation of the non-employee directors of the Board was 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 Director Compensation . The current non-employee director compensation program was approved by the Board 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.

From January 1, 2007 through September 12, 2007, the Compensation and Human Resources Committee was composed of Nicholas D. Chabraja (Chair), Ronald T. LeMay, Richard Szafranski and Alan F. White. From September 12, 2007 through November 9, 2007 (the date of the Transactions), the Compensation Committee was composed of Ronald T. LeMay (Chair), Richard Szafranski and Alan F. White. All of these directors were independent directors, as defined in our Corporate Governance Principles in effect prior to the Transactions, non-employee directors within the meaning of Rule 16b-3 under the Exchange Act and outside directors within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended.

Nominating and Corporate Governance Committee

Prior to the Transactions, this committee:

- reviewed the composition and organization of the Board and its committees and recommends to the Board the adoption of relevant corporate governance policies;
- considered all nominees for Board membership; and

conducted periodic evaluations of the performance of the Board.

This committee considered director candidates proposed by stockholders.

From January 1, 2007 through September 12, 2007, the Nominating and Corporate Governance Committee was composed of Ronald T. LeMay (Chair), Nicholas D. Chabraja, Richard Szafranski and Alan F. White. From September 12, 2007 through November 9, 2007 (the date of the Transactions), the Nominating and Corporate Governance Committee was composed of Alan F. White (Chair), Richard Szafranski and Ronald T. LeMay.

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EXECUTIVE COMPENSATION

Throughout this prospectus, we refer to the individuals who served as our Chief Executive Officer and Chief Financial Officer during 2007, as well as the other individuals included in the Summary Compensation Table, as our named executives.

Overview

Prior to the Transactions, our Board had a standing Compensation and Human Resources Committee, or the Compensation Committee, that assisted the Board in discharging its responsibilities relating to the compensation of executive officers (including the named executives). The Compensation Committee operated pursuant to a written Charter adopted by the Board and was responsible for establishing and administering our executive compensation program. The Compensation Committee had 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. The Compensation Committee had the authority to approve the compensation of all other executive officers (including all other named executives). See Management The Board of Directors and Committees of the Board.

Prior to the Transactions, all compensation decisions were made by the Compensation Committee. On the date of the Transactions, the Compensation Committee was dissolved. Since the Transactions, no new compensation committee was formed, and the functions of the Compensation Committee are performed solely by the Board as a whole.

Prior to the Transactions, the compensation of the non-employee directors of the Board was determined by the Board upon recommendation of the Compensation 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 prospectus. The Compensation Committee did not use any external compensation consultants to recommend the amount or form of such non-employee director compensation. The Compensation 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. Since the Transactions, compensation of non-employee directors is determined solely by the Board as a whole.

Per the rules of the Commission, the compensation information set forth below for the current named executives (as well as certain of our former executives and directors) reflects the inclusion of certain equity-related events consisting of the acceleration of vesting of unvested restricted stock and the cash-out of all outstanding stock options upon the consummation of the Transactions. In addition, the compensation information for the current named executives includes the FAS 123R value of stock option awards made following the Transactions, which are currently intended to be in lieu of future annual grants. As a result, a significant portion of the stated total 2007 compensation for the current named executive officers consists of the above-mentioned nonrecurring items. With respect to our chairman, president and chief executive officer, Kathryn V. Marinello, her 2007 annual base salary, cash bonus, and perquisites totaled $2,266,751.

Compensation Discussion and Analysis

Executive Compensation Philosophy and Compensation Process

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

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plans to continue to grow our business. The Board 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;
- align the interests of senior management with the interests of our stockholders through the use of equity compensation, and, prior to the Transactions, 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 Board 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 Board to differentiate among executives and emphasize the link between their personal performance and compensation.

In the first quarter of each year the Board 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, and may include: Alliance Data Systems, ADP, Bisys Group, Convergys, CSG Systems International, DST Systems, Fidelity National Information Systems, First Data, Global Payments, Paychex, Sabre Holdings, and Wright Express. 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 the Board review. Upon review of the tally sheets, the Board makes individual compensation decisions based on the following factors: individual performance, business unit and company performance, and overall scope of responsibilities. In making annual decisions regarding compensation for the chief executive officer, the Board 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 Board solicits and considers input from the chief executive officer regarding individual performance and potential.

The Board also periodically reviews termination payment scenarios and all of our benefit and perquisite programs for each of the named executives and other executive officers.

2007 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.

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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 Board 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. All of the named executives base salaries approximate the 50th percentile except for Mr. Cliburn, whose base salary exceeds this percentile. The board deviated with respect to Mr. Cliburn based on its assessment of the salary he was receiving prior to being hired by us and the increased responsibilities associated with his position with us.

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 Board 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. The individual performance plans provide for threshold, target and superior 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 our named executives for 2007 as follows:

Objective	Threshold Bonus (Percentage of Base Salary	Target Bonus (Percentage of Base Salary)	Superior Bonus (Percentage of Base Salary)
Kathryn V. Marinello	80%	110%	140%
Gregory J. Macfarlane	50%	70%	90%
Perry H. Cliburn	50%	70%	90%
Brett Rodewald	35%	50%	70%
Michael F. Shea	40%	60%	80%
Gary M. Nelson[(1)]	50%	70%	90%
Douglas C. Neve[(1)]	60%	80%	100%

(1) Messrs. Nelson and Neve resigned in March 2007 and November 2007, respectively. See Severance Payments to Executives Departing in 2007.

Differences in target bonus percentages among the named executives are based on the scope of the respective named executives responsibilities and external market comparisons.

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. Examples of individual performance criteria include: growth; compliance; cost reduction/simplification; employee engagement; and customer loyalty. The financial and non-financial performance criteria established by the Compensation Committee for the 2007 annual cash performance bonus was as follows:

Kathryn V. Marinello

Objective & Weight	Threshold	Target	Superior
Ceridian Corporate Net Income - 25%	20.00%	27.50%	35.00%
US Payroll Controllable EBIT - 25%	20.00%	27.50%	35.00%
Growth Metric - Payroll Transaction Volume - 25%	20.00%	27.50%	35.00%
Individual Performance - 25%	20.00%	27.50%	35.00%

Total	**80%**	**110%**	**140%**

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Gregory J. Macfarlane

Objective & Weight	Threshold	Target	Superior
Ceridian Corporate Net Income - 25%	12.50%	17.50%	22.50%
US Payroll Controllable EBIT - 25%	12.50%	17.50%	22.50%
Growth Metric - Payroll Transaction Volume - 25%	12.50%	17.50%	22.50%
Individual Performance - 25%	12.50%	17.50%	22.50%
Total	**50%**	**70%**	**90%**

Perry H. Cliburn

Objective & Weight	Threshold	Target	Superior
Ceridian Corporate Net Income - 25%	12.50%	17.50%	22.50%
US Payroll Controllable EBIT - 25%	12.50%	17.50%	22.50%
Growth Metric - Payroll Transaction Volume - 25%	12.50%	17.50%	22.50%
Individual Performance - 25%	12.50%	17.50%	22.50%
Total	**50%**	**70%**	**90%**

Brett Rodewald

Objective & Weight	Threshold	Target	Superior
Ceridian Corporate Net Income - 25%	8.75%	12.50%	17.50%
Comdata Transportation Revenue - 25%	8.75%	12.50%	17.50%
Growth Metric - Comdata Transportation Revenue - 25%	8.75%	12.50%	17.50%
Individual Performance - 25%	8.75%	12.50%	17.50%
Total	**35%**	**50%**	**70%**

Michael F. Shea

Objective & Weight	Threshold	Target	Superior
Ceridian Corporate Net Income - 25%	8.75%	12.50%	17.50%
US Payroll Controllable EBIT - 25%	8.75%	12.50%	17.50%
Growth Metric - Payroll Transaction Volume - 25%	8.75%	12.50%	17.50%
Individual Performance - 25%	8.75%	12.50%	17.50%
Total	**35%**	**50%**	**70%**

The net income and revenue growth metrics were chosen in order to provide a balance between top and bottom line growth, while the cash flow (EBIT) metric recognizes the overall health of our business and, prior to the Transactions, stock price. The plan was designed to align all executives to overall Ceridian performance (25%), while also tying them to specific business unit performance (50%) and their own individual personal performance (25%).

The specific 2007 corporate performance amounts associated with the Threshold, Target and Superior metrics for Ceridian Corporate Net Income, U.S. Payroll Controllable EBIT and Payroll Transaction Volume are set forth in the table below (dollars in millions). This represents bonus plan metrics applicable to Ms. Marinello and Messrs. Macfarlane, Cliburn and Shea as indicated above.

Objective	Threshold	Target	Superior
Ceridian Corporate Net Income	$175.5	$184.7	$193.9
US Payroll Controllable EBIT	$100.7	$106.0	$111.3
Payroll Transaction Volume	106,600,000	107,650,953	109,803,972

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The specific 2007 corporate performance amounts associated with the Threshold, Target and Superior metrics for Mr. Rodewald were (dollars in millions):

Objective	Threshold	Target	Superior
Ceridian Corporate Net Income	$ 175.5	$ 184.7	$ 193.9
Comdata Transportation Controllable EBIT	$ 219.8	$ 231.4	$ 243.0
Comdata Revenue	$ 330.0	$ 336.7	$ 343.4

With respect to the individual performance metric, each of the named executives are subjectively evaluated on the overall growth of their business unit and the achievement of personal and department goals related to customer loyalty and retention, employee engagement and strategic initiatives.

The tables below reflect the actual performance achieved in 2007 for the applicable corporate performance metrics (dollars in millions).

Objective	Actual
Ceridian Corporate Net Income	$ 194.7
US Payroll Controllable EBIT	$ 128.5
Payroll Transaction Volume	109,341,190

Objective	Actual
Ceridian Corporate Net Income	$ 194.7
Comdata Transportation Controllable EBIT	$ 227.0
Comdata Revenue	$ 336.5

The actual amount of the annual cash performance bonus paid or awarded to a named executive is subject to the discretion of the Board, and the amount can be impacted by significant external events, individual employment status and performance, and unusual business events. As a result, the Board may from time to time exercise its discretion and award annual cash performance bonuses in excess of the performance achieved by named executives and no or reduced annual cash performance bonus to named executives who had achieved their performance goals. The Board did not exercise this discretion for awards paid in association with 2007 performance. The actual bonuses paid for each named executive are reflected in column (g) of the Summary Compensation Table set forth herein.

Long-Term Equity Incentives. Prior to the Transactions, our long-term equity incentive compensation program was in the form of stock awards and non-qualified stock options. 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 Board 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, prior to the Transactions, the Board generally used an individually determined cash compensation multiplier, based on position, to determine any long-term equity incentive award. The multiplier was used to ensure that a significant portion 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 Board believed this approach to be consistent with competitive practice. The multiplier for each named executive was based upon the Board s judgment of the executive s responsibilities within Ceridian and external competitive norms for the position.

For executives, including the named executives, prior to the Transactions, stock options were awarded to deliver 65% of the long-term equity incentive value and stock awards were 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 (stock awards) and motivate accelerated stockholder growth through an increased stock price (stock options). In addition, the long-term equity incentive program targeted 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 were granted in the form of restricted stock. Stock options expired five years after the date of grant. This term was chosen in order to encourage an accelerated appreciation in stock price. The Board believed this time horizon provided accelerated performance while providing sufficient time to achieve objectives.

Prior to the Transactions, annual long-term equity incentive awards were generally made in the first quarter of the year to existing employees, with the grants made on the day of a Board meeting, in order to coordinate the general timing with other compensation actions, such as any annual salary increases and any cash performance bonus payments. Periodic long-term equity incentive awards were granted throughout the year for newly hired and promoted executives. Such awards were granted at a Board meeting or on the first business day of the month, and were not coordinated with the public release of nonpublic material information. Awards were priced based on the closing price on the New York Stock Exchange of a share of common stock on the date of grant.

Upon the consummation of the Transactions, outstanding equity awards under our then existing equity incentive plans were accelerated to vest immediately, our prior 2004 and 2001 Long Term Stock Incentive plans were terminated and the Ceridian Holding 2007 Stock Incentive Plan (the 2007 Plan) became effective. The 2007 Plan provides 10,540,540 shares of common stock of Ceridian Holding available for issuance pursuant to awards of stock options and/or restricted stock under the plan. The 2007 Plan is administered by the board of directors of Ceridian Holding, who determine the terms of each award that is granted, and interpret the terms of the 2007 Plan. The board of directors of Ceridian Holding may also make adjustments to awards conditioned upon the attainment of performance conditions, including adjustments to the terms and conditions of such awards and the criteria therein. The 2007 Plan may be amended or terminated at any time by the board of directors of Ceridian Holding; however, no amendment or termination may be made without the consent of the participant if such action would materially diminish the participant s rights under the 2007 Plan or any award. The termination of the 2007 Plan would not affect any awards outstanding on the termination date. Awards made after the Transactions in 2007 were priced based on the post-Transactions value per share, or $10 per share, which was a fair market valuation of the common stock of Ceridian Holding as determined by the board of directors of Ceridian Holding. In 2007, the current named executives received one-time stock option grants under the 2007 Plan which are currently intended to be in lieu of receiving future annual grants.

Other Executive Benefits and Perquisites. We offer certain benefit and perquisite programs for the named executives and other senior-level executives. The Board believes that these programs are necessary to be competitive in attracting and retaining top quality leaders. The Board 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.

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 current named executives other than Brett Rodewald, who is president of Comdata Network, Inc., 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.

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. Further, all named executives 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 Kathryn V. Marinello with an allowance, to be determined periodically by the Board, for membership in a country club of her choice. Ms. Marinello has not yet requested this allowance. The Board periodically reviews the necessity and value of these programs and makes determinations primarily based on their review and understanding of industry competitive practices.
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 administrative expenses. As a result, we generally do not provide common perquisites such as a car allowance, financial counseling and legal counseling to executives.

The Board 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. We have employment agreements with all of the current named executives, except Brett Rodewald. Our employment agreements with Kathryn V. Marinello, Gregory J. Macfarlane and Michael F. Shea were amended and restated at the time of the Transactions. 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 recruit employees from us 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. See Potential Payments upon Termination or Change of Control for Named Executives.

2007 Compensation for Named Executives

Kathryn V. Marinello. Ms. Marinello became President and Chief Executive Officer on October 20, 2006. Ms. Marinello s 2007 base salary was set at $780,000, based on a salary analysis. Ms. Marinello s 2007 annual cash incentive target bonus was at 110% of her base salary, with a superior payment of 140% of base salary. In addition, for 2007, Ms. Marinello s cash incentive bonus was multiplied by 1.25 (representing the last three months of 2006 and all of 2007). On October 20, 2006, the date she became an employee, Ms. Marinello was granted stock options and restricted stock which were redeemed upon consummation of the Transactions for $4,351,658 and $3,906,936 respectively. In addition, Ms. Marinello had a portion of her restricted stock awards vest in 2007 in accordance with their terms prior to the consummation of the Transactions. This amount equaled $1,887,302. 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.

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Gregory J. Macfarlane. Mr. Macfarlane became Executive Vice President and Chief Financial Officer on March 26, 2007. Mr. Macfarlane s initial base salary was set at $350,000, based on a salary analysis. On March 26, 2007, the date he became an employee, Mr. Macfarlane was granted stock options and restricted stock redeemed upon consummation of the Transactions for $119,397 and $621,000, respectively.

Perry H. Cliburn. Mr. Cliburn became Executive Vice President, Chief Information Officer on December 14, 2006. For 2007, Mr. Cliburn s base salary was set at $400,000, based on a salary analysis. Mr. Cliburn received stock options and restricted stock prior to 2007, which upon the consummation of the Transactions were redeemed for $518,627 and $337,140, respectively.

Brett Rodewald. Mr. Rodewald became President of Comdata Network, Inc. on August 21, 2007. From January 1, 2007 to February 19, 2007, Mr. Rodewald s base salary was set at $250,000; from February 19, 2007 to November 12, 2007, his base salary was set at $265,000; from November 12, 2007 to December 31, 2007, his salary was set at $300,000, in connection with his appointment as President of Comdata Network, Inc. In each case, his salary was based on a salary analysis. We do not have an employment agreement with Mr. Rodewald. In 2007, Mr. Rodewald was granted stock options and restricted stock as part of our then existing annual grant process. He also received a restricted stock retention award in 2007. Upon the consummation of the Transactions, these stock options and restricted stock were redeemed in addition to previous years stock option and restricted stock awards for $631,943 and $795,852, respectively. In addition, Mr. Rodewald had a portion of his restricted stock awards previously granted vest in accordance with their terms prior in 2007 to the consummation of the Transactions. This amount equaled $121,166.

Michael F. Shea. Mr. Shea became Executive Vice President, Quality & Service Operations on January 29, 2007. Mr. Shea s initial base salary was set at $275,000, based on a salary analysis. On January 29, 2007, the date he became an employee, Mr. Shea was granted stock options and restricted stock redeemed upon consummation of the Transactions for $210,642 and $565,380, respectively.

Gary M. Nelson. Mr. Nelson resigned as Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary in November 2007. He held various positions with us from July 1997. For 2007, Mr. Nelson s base salary was set at $365,000, based on a salary analysis. In 2007, Mr. Nelson was granted stock options and restricted stock as part of our then existing annual grant process. Upon the consummation of the Transactions, these stock options and restricted stock were redeemed in addition to previous years stock option and restricted stock awards for $5,269,185 and $582,732, respectively. In addition, Mr. Nelson had a portion of his restricted stock awards previously granted vest in accordance with their terms in 2007 prior to the consummation of the Transactions. This amount equaled $288,360.

Douglas C. Neve. Mr. Neve resigned as Executive Vice President and Chief Financial Officer in March 2007. He held that position since March 2005. For 2007, Mr. Neve s base salary was set at $400,000, based on a salary analysis.

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SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus[1] ($) (d)	Stock Awards[2] ($) (e)	Option Awards[3] ($) (f)	Non-Equity Incentive Plan Compensation[4] ($) (g)	All Other Compensation[5] ($) (i)	Total ($) (j)
Kathryn V. Marinello[5] *President and Chief Executive Officer*	2007	$ 780,000		$ 5,794,238	$ 19,248,958	$ 1,349,282	$ 137,469	$ 27,309,947
	2006	$ 138,000	$ 950,000	$ 225,646	$ 165,253		$ 66,040	$ 1,544,939
Gregory J. Macfarlane *Executive Vice President and Chief Financial Officer*	2007	$ 262,500	$ 150,000	$ 621,000	$ 2,769,398	$ 311,238	$ 216,493	$ 4,330,628
Perry H. Cliburn *Executive Vice President, Chief Information Officer*	2007	$ 400,000		$ 337,140	$ 2,108,627	$ 335,701	$ 74,500	$ 3,255,968
Brett Rodewald *President, Comdata Network, Inc.*	2007	$ 267,980		$ 917,634	$ 2,221,943	$ 175,388	$ 30,009	$ 3,612,954
Michael F. Shea *Executive Vice President Quality & Service Operations*	2007	$ 248,557	$ 180,000	$ 565,380	$ 2,330,642	$ 217,044	$ 43,737	$ 3,585,360
Gary M. Nelson[6] *Former Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary*	2007	$ 341,635		$ 871,092	$ 5,269,184		$ 2,709,927	$ 9,191,838
Douglas C. Neve[6] *Former Executive Vice President and Chief Financial Officer*	2007	$ 83,077		$ 1,044,680	$ 2,968,515		$ 1,208,788	$ 5,305,060

(1) Messrs. Macfarlane and Shea received a one-time sign-on bonus upon hire pursuant to their employment agreements. In 2006, Ms. Marinello received a sign-on bonus pursuant to her employment agreement.

(2) With respect to 2007, this column includes the value of restricted stock that naturally vested in 2007 prior to the Transactions, as well as the value of previously unvested restricted stock cashed out in the Transaction. The Transactions consideration amount of $36 per share was used to calculate the cash out value. The amount associated with the Transactions for Ms. Marinello was $3,906,936, for Mr. Macfarlane was $621,000, for Mr. Cliburn was $337,140, for Mr. Rodewald was $795,852, for Mr. Shea was $565,380 and for Mr. Nelson was $582,732. For details, see the Option Exercised and Stock Vested table. In 2007, prior to the Transactions, stock awards were granted to Messrs. Macfarlane, Nelson and Shea with FAS 123R values of $570,458, $227,508 and $462,335, respectively. With respect to 2006 for Ms. Marinello, this column represents the recognized FAS 123R expense in 2006 of stock option, restricted stock and restricted stock unit

awards granted in 2006 and prior years.

(3) With respect to 2007, this column includes the FAS123R value for the new stock option awarded under the 2007 Plan for Ms. Marinello and Messrs. Macfarlane, Cliburn, Rodewald and Shea. All option grants were pursuant to the 2007 Plan. This column also includes the value of the stock options cashed out based on the $36 per share consideration price for the Transactions. The value associated with the cash-out of stock options in connection with the Transactions for Ms. Marinello was $4,351,658, for Mr. Macfarlane was $119,398, for Mr. Cliburn was $518,627, for Mr. Rodewald was $631,943, for Mr. Shea was $210,642 and for Mr. Nelson was $5,269,185. Prior to the Transactions, Messrs. Macfarlane, Nelson and Shea received stock option awards under the former 2004 and 2001 Long Term Stock Incentive plans with a FAS123R values of $325,238, $387,282 and $228,148, respectively. These awards were subsequently cashed out upon the consummation of the Transactions. This column includes the stock option exercises that occurred in 2007 by Mr. Neve, details of which can be found on the Option Exercises and Stock Vested table. It is currently intended that the options granted in 2007 following the Transactions to the current named executives will be one-time grants under the 2007 Plan in lieu of receiving future annual grants. With respect to 2006 for Ms. Marinello, represents the recognized FAS 123R expense in 2006 of stock option, restricted stock and restricted stock unit awards granted in 2006 and prior years.

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(4) This column includes the annual performance-based cash incentive awards earned in 2007. These awards were paid in February 2008. Details on the payout range for these awards can be found on the Grants of Plan Based Awards table under the column Estimated Future Payouts under Non-Equity Incentive Plan Awards.

(5) This column includes the annual cash perquisities allowance, 401(k) match amounts, restoration match amounts, supplemental executive retirement plan (SERP) amounts, long term care insurance, other personal benefits and severance payments. The table below represents the detailed breakdown by category for 2007. With respect to Ms. Marinello, a detailed breakdown by category is also included for 2006. The long term care insurance amounts paid by the company in 2007 for Messrs. Nelson and Neve also include payments made for spouses under the plan. The amounts shown in this column include the following:

Name	Year	Cash in Lieu of other Perks[(a)]	401(k) Match[(b)]	Restoration Match[(c)]	SERP[(d)]	Long-Term Care Insurance[(e)]	Other Personal Benefits[(f)]	Severance Related Payments[(g)]
Kathryn V. Marinello	2007	$ 8,654	$ 9,000	$ 22,200	$ 62,400		$ 35,215	