

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

**I. PURPOSE:**

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight of (i) the integrity of the financial statements and other financial information of The Ultimate Software Group, Inc. (the “Corporation”) provided by the Corporation to its stockholders, any governmental body or the public; (ii) the audits of the financial statements of the Corporation; (iii) the performance, qualifications and independence of the Corporation’s independent auditors; and (iv) the Corporation’s auditing, accounting and financial reporting processes, including the system of internal controls over financial reporting. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

**II. COMPOSITION AND ORGANIZATION:**

The Committee shall be composed of three or more directors appointed by the Board, each of whom shall satisfy the independence requirements of Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules adopted thereunder by the Securities and Exchange Commission (the “SEC”), the independence, financial literacy and other requirements of The NASDAQ Stock Market and any other applicable legal or regulatory requirements.

All members of the Committee shall be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement and cash flow statement. At least one member of the Committee shall qualify as an “audit committee financial expert” pursuant to Item 407(d)(5) of Regulation S-K. The Board shall designate the Chair of the Committee. In the absence of such designation, the Committee may designate the Chair by majority vote of the Committee. In addition, no member of the Committee shall have participated in the preparation of the Corporation’s financial statements (or any subsidiary) at any time during the past three years.

No member of the Committee may (i) accept, either directly or indirectly, any consulting, advisory or other compensatory fees from the Corporation or any of its subsidiaries, other than in his or her capacity as a member of the Committee, the Board or any other Board committee (including the Board of Directors or any committee of the Board of Directors of any of the Corporation's subsidiaries) or (ii) be an affiliated person of the Corporation or any of its subsidiaries.

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

### **III. RESPONSIBILITIES AND DUTIES:**

To fulfill its responsibilities and duties, the Committee shall:

1. Review and assess the adequacy of this Charter periodically, at least annually, update the Charter as appropriate, and report thereon to the Board.
2. Review and discuss with management and the independent auditors the Corporation's annual audited financial statements to be included in each Annual Report on Form 10-K of the Corporation, including management's discussion and analysis of financial condition and results of operations, and recommend to the Board whether such audited financial statements should be included in the Annual Report on Form 10-K.
3. Review and discuss with management and the independent auditors the Corporation's quarterly financial statements to be included in each Quarterly Report on Form 10-Q, including management's discussion and analysis of financial condition and results of operations. Such discussions with management and the independent auditors may be conducted by the Chair of the Committee and reported to the Committee at its next scheduled meeting.
4. Review and discuss other financial information, including earnings press releases and earnings guidance.
5. Prepare a report for inclusion in the Corporation's annual Proxy Statement that describes the Committee's responsibilities and how they were discharged and that otherwise meets the requirements of all relevant rules and regulations promulgated by the SEC.
6. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation. The independent auditors shall report directly to the Committee.

7. Pre-approve all audit services and permissible non-audit services by the independent auditors, as set forth in Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC. The Committee may establish pre-approval policies and procedures, as permitted by Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC, for the engagement of independent auditors to render services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approvals delegated to one or more members of the Committee are reported to the Committee at its next scheduled meeting.
8. Obtain on an annual basis a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Corporation. Review and actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact their objectivity and independence. Take appropriate action to oversee the independent auditors' independence.
9. Review with the independent auditors all material communications between the independent auditors and management, such as any management letters or schedules of unadjusted differences, and periodically discuss with the independent auditors whether all material correcting adjustments identified by the independent auditors in accordance with generally accepted accounting principles and the rules of the SEC are reflected in the Corporation's financial statements.
10. Review with management and the independent auditors the quality and adequacy of the Corporation's system of internal controls over financial reporting, including (i) any significant deficiencies in the design or operation of those controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data and any material weaknesses in internal controls, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. Discuss with the independent auditors how the Corporation's financial reporting processes and controls compare with industry practices.
11. Review with management and the independent auditors the quality and appropriateness of the Corporation's accounting policies as applied in its financial reporting, including the Corporation's critical accounting policies and practices, and discuss with the independent auditors how the Corporation's accounting policies compare with industry practices and alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramification of the use of such alternative disclosures and

treatments and the disclosure and treatment preferred by the independent auditors.

12. Establish regular and separate systems of reporting to the Committee by management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
13. Following completion of the annual audit, review separately with management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
14. Review and resolve any disagreement between management and the independent auditors regarding financial reporting.
15. Review, with the Corporation's general counsel, legal compliance matters, including corporate securities trading policies, and any legal matter that could have a significant impact on the Corporation's financial statements.
16. Have the power to conduct or authorize investigation into any matters within the Committee's scope of responsibility. The Committee shall be empowered to engage and determine funding for outside counsel, accountants and other advisors, as it determines necessary to carry out its duties. The Corporation shall provide appropriate funding to the Committee, as determined by the Committee, for payment of (1) compensation to the independent auditors for services approved by the Committee, (2) compensation to any outside advisers retained by the Committee, and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
17. Conduct an appropriate review of all related party transactions as defined in Item 404 of Regulation S-K for potential conflict of interest situations on an ongoing basis and approve all such transactions.
18. Establish policies for the hiring of employees and former employees of the independent auditors.
19. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.
20. Report to the Board on a regular basis.
21. Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

22. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

#### **IV. LIMITS ON RESPONSIBILITY**

As the role of the Board and the Committee is one of oversight, it is recognized that the Corporation's management is responsible for preparing the Corporation's financial statements and the Corporation's independent auditors are responsible for auditing those financial statements. While the Committee has the responsibilities and duties set forth in this Charter, it is not the duty of the Committee to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to plan or conduct audits. These are responsibilities of the Corporation's management and independent auditors, respectively.