

Adopted February 3, 2014

THE ULTIMATE SOFTWARE GROUP, INC.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE:

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of The Ultimate Software Group, Inc. (the “Corporation”) is (i) to perform the functions described below under “Responsibilities and Duties” in order to discharge the Board’s responsibilities relating to compensation of the Corporation’s executive officers and (ii) to administer the Corporation’s equity-based compensation plans and oversee such other compensation and benefit plans as the Corporation may from time to time maintain.

II. RESPONSIBILITIES AND DUTIES:

The Committee’s duties and responsibilities are to:

1. Annually review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and, after an evaluation of the Chief Executive Officer’s performance in light of those goals and objectives, approve the compensation of the Chief Executive Officer. In determining the long-term incentive component of the Chief Executive Officer’s compensation, the Committee should consider, among other factors, the Corporation’s performance and relative stockholder return and the value of similar incentive awards for chief executive officers at comparable companies. The Chief Executive Officer shall not be present during any Committee deliberations or voting with respect to his or her compensation.
2. Annually review and approve the compensation of all other executive officers of the Corporation.
3. Review, and approve, or, when appropriate, recommend to the Board for approval, the general compensation and benefits policies and practices of the Corporation, including, without limitation, the Corporation’s incentive-compensation plans and equity-based compensation plans, and, with respect to all executive officers of the Corporation, all employment agreements and separation and severance arrangements, change-in-control agreements or arrangements, and other special or supplemental compensation or benefits provided during or after employment to such executive officers. In circumstances in which equity-based compensation plans are not subject to stockholder approval, such plans shall be subject to the Committee’s approval or recommendation to the Board for approval

by a majority of the Independent Directors (as hereinafter defined) of the Board. The Committee shall also have the authority to administer the Corporation's incentive compensation plans and equity-based compensation plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

4. In evaluating and determining executive compensation, the Committee shall consider the views of the Corporation's stockholders, including the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
5. To review and recommend to the Board for approval the frequency with which the Corporation will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Corporation's proxy statement.
6. Review and discuss with management the Compensation Discussion and Analysis (the "CD&A") required to be included in the Corporation's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the "SEC") and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
7. Produce an annual report on executive compensation for inclusion in the Corporation's proxy statement in accordance with Item 407(e)(5) of Regulation S-K promulgated by the SEC.
8. Periodically review the Corporation's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.
9. Determine whether to have stock ownership guidelines for the executive officers and, if applicable, monitor compliance with such guidelines.
10. Periodically review, and make recommendations to the Board with respect to, director compensation for service on the Board and Board committees.
11. Perform such other duties as the Board may assign to the Committee with respect to the Corporation's compensation policies.

III. COMPOSITION AND ORGANIZATION:

The Committee shall consist of at least two members of the Board. A person may serve on the Committee only if the Board determines that he or she is an Independent Director. For purposes of this charter, an “Independent Director” is a director of the Corporation who (i) is “independent” in accordance with Rule 10C-1(b)(1) under the Exchange Act and (ii) is an “independent director” under applicable NASDAQ listing standards.

In addition, at least two members of the Committee also shall qualify as “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). A member of the Committee who does not meet the “non-employee director” standard within the meaning of Rule 16b-3 under the Exchange Act and the “outside director” standard within the meaning of Section 162(m) of the Code, shall abstain from the actions of the Committee, as the Committee shall determine, in order to comply with Rule 16b-3 under the Exchange Act and/or Section 162(m) of the Code, as applicable.

IV. COMMITTEE APPOINTMENT, STRUCTURE AND OPERATIONS:

The members of the Committee shall be appointed by the Board, and shall serve at the pleasure of the Board for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause. The Board shall designate a member of the Committee as its chairperson.

A majority of the Committee shall constitute a quorum. The Committee may act by a majority of the members present at a meeting of the Committee. In the event of a tie vote on any issue, the chairperson’s vote shall decide the issue. The Committee shall meet in person or telephonically at least one time a year, at a time and place determined by the Committee chairperson, with further meetings to occur when deemed necessary or desirable by the Committee or its chairperson. The Committee may delegate some or all of its duties to a subcommittee comprising one or more members of the Committee. The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request, however, the Committee shall meet periodically without management present. The Committee shall report to the Board at least once a year.

V. SURVEYS AND STUDIES:

The Committee may conduct or authorize surveys or studies of matters within the Committee’s scope of responsibilities as described above, including, but not limited to, surveys or studies of compensation practices in relevant industries, to maintain the Corporation’s competitiveness and ability to recruit and retain highly qualified personnel. The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisers. If any compensation consultants, legal counsel or other advisers are retained, the Committee shall be directly responsible for the

appointment, compensation and oversight of the work of any such compensation consultant, legal counsel or other adviser. The Corporation must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, legal counsel or other adviser retained by the Committee. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K promulgated by the SEC. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser, other than in-house legal counsel, only after taking into consideration the following factors: (a) the provision of other services to the Corporation by the person that employs the compensation consultant, legal counsel or other adviser; (b) the amount of fees received from the Corporation by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser; (c) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest; (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (e) any stock of the Corporation owned by the compensation consultant, legal counsel or other adviser; and (f) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Corporation.

VI. ANNUAL REVIEW:

The Committee shall annually review this charter and recommend changes, if any, to the Board.

Nothing contained in this charter is intended to, or should be construed as, creating any responsibility or liability of the members of the Committee except to the extent otherwise provided under applicable Delaware law which shall continue to set the legal standard for the conduct of the members of the Committee.