UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 1-38300

CANNAE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**82-1273460**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1701 Village Center Circle **Las Vegas, Nevada 89134**	**(702) 323-7330**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

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

Title of Each Class	Name of Each Exchange on Which Registered
Cannae Common Stock, $0.0001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. o

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. (Check one):

Large accelerated filer o	Accelerated filer o	
Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company o	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of June 30, 2017, the registrant's common stock was not publicly traded.

As of February 28, 2018 there were 70,858,143 shares of Cannae common stock outstanding.

The information in Part III hereof for the fiscal year ended December 31, 2017, will be filed within 120 days after the close of the fiscal year that is the subject of this Report.

CANNAE HOLDINGS, INC.
FORM 10-K
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PART I

Item 1. *Business*

Introductory Note

The following describes the business of Cannae Holdings, Inc. and its subsidiaries. Except where otherwise noted, all references to “we,” “us,” “our,” "Cannae", "Cannae Holdings", "the Company," or “CNNE” are to Cannae Holdings, Inc. and its subsidiaries, taken together.

Separation from Fidelity National Financial

On November 17, 2017, Fidelity National Financial, Inc. (“FNF”) redeemed each outstanding share of its FNFV Group common stock, par value $0.0001, for one share of common stock, par value $0.0001, of a newly formed entity, Cannae Holdings, Inc., with cash in lieu of fractional shares (the "Split-Off"). In conjunction with the Split-Off, FNF contributed to us its majority and minority equity investment stakes in a number of entities, including American Blue Ribbon Holdings, LLC ("ABRH"), Ceridian Holding, LLC ("Ceridian"), T-System Holdings, LLC ("T-System"), and various other controlled portfolio companies and other minority equity investments. We filed our registration statement on Form S-4 describing the Split-Off with the U.S. Securities and Exchange Commission (the “SEC”), which was declared effective by the SEC on October 19, 2017 (the “Registration Statement”). On November 20, 2017, Cannae common stock began “regular-way” trading on The New York Stock Exchange under the “CNNE” stock symbol.

Description of Business

We are a holding company engaged in actively managing and operating a group of companies and investments with a net asset value of approximately $1.2 billion as of December 31, 2017. Our business consists of managing and operating certain majority-owned subsidiaries, as well as making additional majority and minority equity portfolio investments in businesses, in order to achieve superior financial performance and maximize the value of these assets.

As of December 31, 2017, we had the following reportable segments:

Restaurant Group. This segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH was established in Denver, Colorado in 2009 and is now headquartered in Nashville, Tennessee. ABRH operates more than 550 company and franchise family and casual dining restaurants in 40 states and Guam under the O'Charley's, Ninety Nine Restaurants & Pub, Village Inn, and Bakers Square restaurant and food service concepts, and the Legendary Baking bakery operation.

Ceridian. This segment consists of our 33% ownership interest in Ceridian. Ceridian, through its operating subsidiary Ceridian HCM, Inc. ("Ceridian HCM"), is a global human capital management ("HCM") company that offers a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance and work-life programs, and recruitment and applicant screening. Ceridian HCM's cloud offering, Dayforce, is our flagship cloud HCM platform that meets HCM needs with one employee record and one user experience throughout the application. Dayforce enables organizations to process payroll, maintain human resources records, manage benefits enrollment, schedule staff, and find and hire personnel, while monitoring compliance throughout the employee life cycle. Ceridian is a founder-led organization, and the culture combines the agility and innovation of a start-up with a history of deep domain and operational expertise. We account for our investment in Ceridian under the equity method of accounting and therefore its results of operations do not consolidate into ours.

T-System. This segment consists of the operations of our wholly-owned subsidiary, T-System. T-System is a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities. T-System organizes itself into two businesses. The Clinical Documentation business offers software solutions providing clinical staff with full workflow operations that drive documentation completeness and revenue optimization to more than 435 customers. Additionally, the patented T-Sheet is the industry standard for emergency department documentation, with more than 800 customers. The Coding Software & Outsourced Solutions business provides a full-service outsourced coding solution as well as a cloud-based software-as-a-service solution for self-service coding. These offerings help more than 75 customers at over 300 sites optimize their revenue cycle workflow and customer revenue reimbursement through improved coding accuracy and compliance and coder productivity compared to in-house coding.

Corporate and Other. This segment consists of our share in the operations of controlled and uncontrolled portfolio companies including our 24.8% equity interest in Triple Tree Holdings, LLC ("Triple Tree"), our wholly-owned subsidiary Fidelity National Timber Resources, Inc ("FNTR"), our interest in the debt of Colt Holding LLC ("Colt Defense"), and other various majority and minority equity investments. Triple Tree is an independent, research-driven investment banking firm focused on mergers and acquisitions, financial restructuring, and principal investing services for innovative, high-growth businesses in the healthcare industry. FNTR and its subsidiaries currently operate and invest in golf and real estate properties and develops, manages and operates residential and recreational properties, including a 1,800-acre ranch-style luxury resort and residential community in

Oregon and an 18-hole championship golf facility in Idaho. Colt Defense researches, develops, manufactures and sells firearms for military and personal defense and recreational purposes in the U.S. and internationally. As of December 31, 2017, we own debt of Colt Defense with a market value of $14.8 million.

Financial Information of Segments

Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in Item 7 of Part II of this Annual Report and Note Q. *Segment Information* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for financial information of each of our reporting segments.

Strategy

We actively manage a group of companies and investments with a net asset value of approximately $1.2 billion as of December 31, 2017. The businesses within our portfolio primarily consist of our majority ownership positions in ABRH and T-System and our 33% minority investment in Ceridian. Our strategy for the Company is to continue our activities with respect to such business investments to achieve superior financial performance, maximize and ultimately monetize the value of those assets and to continue to pursue similar investments in businesses and to grow and achieve superior financial performance with respect to such newly acquired businesses.

Restaurant Group. Our restaurant operations are focused in the family dining and casual dining segments. The Restaurant Group's strategy is to achieve long-term profit growth and drive increases in same store sales and guest counts. We have a highly experienced management team that is focused on enhancing the guest experience at our restaurants and building team member engagement. We also utilize a shared service platform that takes advantage of the combined back-office synergies of our operating companies. We expect to continue to maintain a strong balance sheet for our Restaurant Group to provide stability in all operating environments.

Ceridian. Ceridian HCM's business has transformed from a legacy service-bureau model into a cloud-based provider model, and in the second half of 2016, Cloud revenue surpassed Bureau revenue for the first time. Ceridian HCM's flagship cloud offering, Dayforce, is a cloud solution that meets HCM needs with one employee record and one user experience throughout the application. As evidenced by its more than 60% compound annual growth rate since 2012, we believe that the Dayforce cloud offering, built on a single database, enjoys a competitive advantage in the marketplace. We believe Ceridian's Dayforce offering is a market leader as shown by both extensive recognition and industry awards. Nucleus Research named Dayforce as the leader in both HCM technology and Workforce Management, based on functionality and usability. In addition, Gartner Peer Insights placed Ceridian's Dayforce offering in the leader quadrant in global payroll services, and Ventana Research found Dayforce as the leader in both usability and capability in its Value Index. During 2016, Ceridian won several awards for Dayforce, including a TekTonic Award from HRO Today Magazine, a Gold American Business Award for best new product, and a Ventana Research Technology Innovation Award, among others.

T-System. T-System is engaged in providing clinical, financial, operational, and regulatory solutions for hospital emergency room ("ER") departments, free-standing emergency departments ("ED"), and urgent care and family practice healthcare facilities. T-System offers documentation solutions, including EV, an emergency department information system; EV for physicians, a solution with ER-specific clinical content and workflow for emergency physicians; T Sheets Digital, a documentation solution for urgent care; and T Sheets, which provides patient care through medical records/documentation and optimized reimbursement. We also provide charge capture and coding solutions that combine intelligent coding technology with services to improve quality and compliance, and result in accurate coding and financial outcomes for various types of facilities ranging from critical access hospitals to children's hospitals; and Advanced Coding System, which facilitates accurate coding for simple encounters and multiple patient complaints, and ensures optimal reimbursement for care provided. In the past several years, there has been an increased push for interoperability across systems to address the fact that patient records will contain information from more than one health care IT system. We believe that we are positioned to take the steps to create interoperability between T-System solutions and other large IT systems.

Acquisitions, Dispositions, Minority Owned Operating Affiliates and Financings. Acquisitions have been an important part of our growth strategy. Dispositions have been an important aspect of our strategy of returning value to shareholders. On an ongoing basis, with assistance from our advisors, we actively evaluate possible transactions, such as acquisitions and dispositions of business units and operating assets and business combination transactions.

In the future, we may seek to sell certain investments or other assets to increase our liquidity. Further, our management has stated that we may make acquisitions in lines of business that are not directly tied to, or synergistic with, our current operating segments. In the past we have obtained majority and minority investments in entities and securities where we see the potential to achieve above market returns. Fundamentally our goal is to acquire quality companies that are well-positioned in their respective industries, run by best-in-class management teams in industries that have attractive organic and acquired growth opportunities. We leverage our operational expertise and track record of growing industry leading companies and our active interaction with management of acquired companies, directly or through our board of directors, to ultimately provide value for our shareholders.

There can be no assurance that any suitable opportunities will arise or that any particular transaction will be completed. We have made a number of acquisitions and dispositions over the past several years to strengthen and expand our service offerings and customer base in our various businesses, to expand into other businesses or where we otherwise saw value, and to monetize investments in assets and businesses.

Intellectual Property

Restaurant Group. We regard our service marks, including "O'Charley's", "Ninety Nine", "Village Inn", "Legendary Baking", and "Bakers Square", and other service marks and trademarks as having significant value and as being important factors in the marketing of our restaurants. We have also obtained trademarks for several of our menu items and for various advertising slogans. We are aware of names and marks similar to our service marks and trademarks used by other persons in certain geographic areas where we have restaurants. However, we believe such uses will not adversely affect us. Our policy is to pursue registration of our marks whenever possible and to oppose vigorously any infringement of our marks.

We license the use of our registered trademarks and service marks to franchisees and third parties through franchise arrangements and licenses. The franchise and license arrangements restrict franchisees' and licensees' activities with respect to the use of our trademarks and service marks, and impose quality control standards in connection with goods and services offered in connection with the trademarks and service marks.

Ceridian. Ceridian HCM and its subsidiaries own or have the rights to various trademarks, trade names and service marks, including the following: Ceridian®, Dayforce® and various logos used in association with these terms.

T-System.T-System's intellectual property includes the following: T Sheets™, T-System EV™, and T-System EV4P™. T Sheets is one of the most widely used and accepted documentation systems in emergency medicine. T Sheets is built with the most comprehensive and up-to-date clinical content and serves as the clinical documentation backbone of T-System’s industry leading software solutions. T-System EV™ and EV4P™ are category-leading best-of-breed software solutions used by the episodic care market.

Refer to Note A. *Business and Summary of Significant Accounting Policies* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for further information on the accounting for our Other intangible assets, including intellectual property.

Seasonality

Restaurant Group. Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and the Restaurant Group typically generates a disproportionate share of its earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions. Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

Ceridian. Because the volume of payroll items processed increases in the fourth quarter of each year in connection with employers' year-end reporting requirements, Ceridian HCM's revenue and profitability tends to be greater in that quarter.

T-System. The Clinical Documentation segment of T-System's business is impacted by seasonal volume increases in the first and fourth quarters compared to other quarters. The increase in charts coded is generated by seasonal flu volumes that impact the visits to health care facilities.

Inventory

Restaurant Group. In the restaurant group's Legendary Baking business, sales of baked goods are greatest during the holiday season in the fourth quarter. As a result of inventory requirements to meet this demand, inventory is built up over the course of the first nine months of the year.

Competition

Restaurant Group. The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. The restaurant industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased

costs of a more permanent nature. Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

Ceridian. The market for HCM products is highly competitive. Ceridian HCM's products compete primarily on the basis of technology, delivered functionality and performance, price, and service. Its competitors include (i) large service bureaus, primarily Automatic Data Processing Inc.; (ii) companies, such as Oracle, Kronos, Lawson, Ultimate Software and Workday that offer human resource management and payroll software products for use on mainframes, client/server environments and/or Web servers; and (iii) smaller service providers, such as Paychex.

T-System. The market for healthcare solutions is subject to intense competition and subject to rapid technological change. T-System offers solutions and services to support the clinical, financial, and operational needs for hospital ER departments, free-standing EDs, and urgent care and family practice healthcare facilities. Our competitors include companies such as Allscripts Healthcare Solutions, Cerner Corporation, Medhost, and Epic Systems.

Due to the pace of change within the market, we expect that major software information system companies, start-up companies, and other companies would produce new software solutions or services that would compete with evolving industry standards and requirements.

Competitive Strengths

Proven management team. Our executive management team has a proven track record of investment identification and management. Our executive management's breadth of knowledge of capital markets allows us to identify companies and strategic assets with attractive value propositions, to structure investments to maximize their value, and to return the value created to shareholders.

Employees

As of March 2, 2018, Cannae and our consolidated subsidiaries had 27,385 full-time equivalent employees, which includes 26,870 in our Restaurant Group, 329 at T-System and 186 in the various businesses comprising our Corporate and other segment.

We monitor our staffing levels based on current economic activity. None of our employees are unionized or represented by any collective agency. We believe that our relations with employees are generally good.

Geographic Operations

For each of the last three fiscal years, substantially all of our revenues were earned in the United States and substantially all of our consolidated long-lived assets were located in the United States.

Statement Regarding Forward-Looking Information

The statements contained in this Form 10-K or in our other documents or in oral presentations or other statements made by our management that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding our expectations, hopes, intentions, or strategies regarding the future. These statements relate to, among other things, future financial and operating results of the Company. In many cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these terms and other comparable terminology. Actual results could differ materially from those anticipated in these statements as a result of a number of factors, including, but not limited to the following:

- changes in general economic, business, and political conditions, including changes in the financial markets;
- compliance with extensive government regulation of our operating subsidiaries and adverse changes in applicable laws or regulations or in their application by regulators;
- loss of key personnel that could negatively affect our financial results and impair our operating abilities;
- our potential inability to find suitable acquisition candidates, as well as the risks associated with acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties integrating acquisitions;
- other risks detailed in "Risk Factors" below and elsewhere in this document and in our other filings with the SEC.

We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider the possibility that actual results may differ materially from our forward-looking statements.

Additional Information

Our website address is www.cannaeholdings.com. We make available free of charge on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed

or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. However, the information found on our website is not part of this or any other report.

Item 1A. *Risk Factors*

Factors Relating to the Company's Corporate History and Structure

We are a holding company and will depend on distributions from our subsidiaries for cash.

We are a holding company whose primary assets are the securities of our portfolio companies. Our ability to pay interest on our outstanding debt, if any, and our other obligations and to pay dividends, if any, is dependent on the ability of our subsidiaries to pay dividends or make other distributions or payments to us (such ability of our subsidiaries also being subject to certain restrictions under their respective credit agreements and other debt instruments, as applicable). If our portfolio companies are not able to pay dividends to us, we may not be able to meet our obligations or pay dividends on our common stock. The ability of the Cannae Holdings portfolio companies to pay dividends or to make other payments or advances to us depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject.

We have no operating history as a separate company upon which you can evaluate our performance.

We do not have an operating history as a public company. Accordingly, there can be no assurance that our business will be successful on a long-term basis. We may not be able to grow our businesses as planned and may not be profitable.

We may become subject to the Investment Company Act of 1940.

We do not believe that we are subject to regulation under the Investment Company Act of 1940, as amended (the "40 Act"). We were formed for the purpose of effecting the Split-Off and for controlling, operating or holding, as applicable, the FNFV Group's business and investments, including the portfolio companies. We engage primarily in the business of managing and operating our controlled subsidiaries. Our officers and any employees who provide services to us pursuant to the terms of our corporate services agreement with FNF devote their activities to the businesses of these portfolio companies. Our interest in the portfolio companies comprises substantially all of our assets and substantially all of our income, if any, is derived from restaurant revenue from ABRH, the revenue of T-System, and dividends and other distributions made on our interests in portfolio companies. Based on these factors, we believe that we are not an investment company under the 40 Act, including under Section 3(b)(1) of the 40 Act. If, at any time, we become primarily engaged in the business of investing, reinvesting or trading in securities, we could become subject to regulation under the 40 Act. Following any such change in our business and after giving effect to any applicable grace periods, we may be required to register as an investment company, which could result in significant registration and compliance costs, could require changes to our corporate governance structure and financial reporting, and could restrict our activities going forward. In addition, if we were to become inadvertently subject to the 40 Act, any violation of the 40 Act could subject us to material adverse consequences, including potentially significant regulatory penalties and the possibility that certain of our contracts would be deemed unenforceable.

Factors Relating to the Restaurant Businesses

General macroeconomic factors, including unemployment, energy prices and interest rates, and certain economic and business factors specific to the restaurant and bakery industries that are largely out of our restaurant businesses' control may materially and adversely affect consumer behavior and have a material adverse effect on our business, financial condition and results of operations.

General economic conditions may materially and adversely affect the financial condition and results of operations of our restaurant businesses, which we also refer to as our Restaurant Group companies. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, increased energy prices, rising interest rates, a downgrade of the United States ("U.S.") government's long-term credit rating, financial market volatility and unpredictability or other national, regional and local regulatory and economic conditions or other industry-wide cost pressures could affect consumer behavior and spending for restaurant dining occasions and result in increased pressure with respect to our Restaurant Group companies' pricing, guest count levels and commodity costs, which could lead to a decline in our Restaurant Group companies' sales and earnings. Job losses, foreclosures, bankruptcies and falling home prices could cause customers to make fewer discretionary purchases, and any significant decrease in our Restaurant Group companies' guest counts or profit will negatively impact their financial performance. In addition, if gasoline, natural gas, electricity and other energy costs increase, or credit card, home mortgage and other borrowing costs increase with rising interest rates, our Restaurant Group companies' customers may have lower disposable income and reduce the frequency with which they dine at restaurants, may spend less during each visit at our Restaurant Group companies' restaurants or may choose more inexpensive restaurants. These factors could also cause the Restaurant Group companies to, among other things, reduce the number and frequency of new restaurant openings, close restaurants or delay the reimaging of the Restaurant Group companies' existing restaurant locations.

Furthermore, we cannot predict the effects that actual or threatened armed conflicts, terrorist attacks, efforts to combat terrorism, including military action against any foreign state or local group located in a foreign state, heightened security requirements on local, regional, national or international economies or a failure to protect information systems for critical infrastructure, such as the electrical grid and telecommunications systems, could have on the Restaurant Group companies' operations, the economy or consumer confidence generally. Any of these events could affect consumer spending patterns or result in increased costs for the Restaurant Group companies due to security measures.

The business results of our Restaurant Group companies depend on a number of industry-specific factors as well, many of which are beyond the Restaurant Group companies' control. The full service dining sector of the restaurant industry is affected by seasonal fluctuation of sales volumes, consumer confidence, consumer spending patterns and consumer preferences, including changes in consumer tastes and dietary habits, and the level of consumer acceptance of our restaurant brands. The performance of individual restaurants may also be materially and adversely affected by factors applicable to those restaurants, such as demographic trends, severe weather, traffic patterns and the type, number and location of competing restaurants.

Unfavorable changes in the above factors or in other business and economic conditions affecting our Restaurant Group companies' customers or industry could increase costs, reduce guest counts in some or all restaurants or impose practical limits on pricing, any of which could lower profit margins and have a material adverse effect on our business, financial condition and results of operations.

The Restaurant Group companies could face significant competition for customers, real estate and employees and competitive pressure to adapt to changes in conditions driving customer demand. The Restaurant Group companies' inability to compete effectively may affect guest counts, sales and profit margins, which could have a material adverse effect on our business, financial condition and results of operations.

The restaurant industry is intensely competitive with a substantial number of restaurant operators that compete directly and indirectly with the Restaurant Group companies with respect to price, service, ambiance, brand, customer service, dining experience, location, food quality and variety and value perception of menu items and there are other well established competitors with substantially greater financial and other resources than the Restaurant Group companies. Some of our Restaurant Group companies' competitors advertise on national television, which may provide customers with greater awareness and name recognition than our Restaurant Group companies can achieve through their advertising efforts. There is also active competition for management personnel and attractive suitable real estate sites. Consumer tastes and perceptions, nutritional and dietary trends, guest count patterns and the type, number and location of competing restaurants often affect the restaurant business, and our Restaurant Group companies' competitors may react more efficiently and effectively to those conditions. For instance, prevailing health or dietary preferences or perceptions of our Restaurant Group companies' products may cause consumers to avoid certain menu items or products our Restaurant Group companies offer in favor of foods that are perceived as more healthy, and such choices by consumers could have a material adverse effect on our business, financial condition and results of operations. Further, our Restaurant Group companies face growing competition from the supermarket industry, with the improvement of their "convenient meals" in the deli and prepared food sections, from quick service and fast casual restaurants and online food delivery services as a result of food and beverage offerings by those food providers. As our Restaurant Group companies' competitors expand operations in markets where our restaurant businesses operate or expect to operate, we expect competition to intensify. If our Restaurant Group companies are unable to continue to compete effectively, their guest counts, sales and profit margins could decline, which could have a material adverse effect on our business, financial condition and results of operations.

Historically, customer spending patterns for the Restaurant Group companies' restaurants are generally highest in the fourth quarter of the year and lowest in the third quarter of the year. Sales activity during the holidays may affect seasonal sales volumes in some of the markets in which our restaurant businesses operate. The quarterly results of our Restaurant Group companies have been and will continue to be affected by the timing of new restaurant openings and their associated costs (which are often materially greater during the first several months of operation than thereafter), restaurant closures and exit-related costs, labor availability and costs for hourly and management personnel, profitability of restaurants, especially in new markets, trends in comparable restaurant sales, changes in borrowings and interest rates, changes in consumer preferences and competitive conditions, fluctuations in food and commodity prices, fluctuations in costs attributable to public company compliance and impairments of goodwill, intangible assets and property, fixtures and equipment. As a result of these and other factors, the Restaurant Group companies' financial results for any quarter may not be indicative of the results that may be achieved for a full fiscal year.

If our restaurant businesses are unable to effectively grow revenue and profitability at certain of their locations, our Restaurant Group companies may be required to record impairment charges to their restaurant assets, the carrying value of their goodwill or other intangible assets, which could have a material adverse effect on our financial condition and results of operations.

Our Restaurant Group companies assess the potential impairment of their long-lived assets whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Factors considered include, but are not limited to, significant underperformance relative to historical or projected future operating results, significant changes in the manner in which an asset is being used, an expectation that an asset will be disposed of significantly before the end of its

previously estimated useful life and significant negative industry or economic trends. Our Restaurant Group companies annually review and compare the carrying value of intangible assets, including goodwill, to the fair value. We cannot accurately predict the amount and timing of any recorded impairment to our Restaurant Group companies' assets. Should the value of goodwill or other intangible or long-lived assets become impaired, there could be a material adverse effect on our financial condition and results of operations.

Increased commodity, energy and other costs could decrease our Restaurant Group companies' profit margins or cause the Restaurant Group companies to limit or otherwise modify their menus, which could have a material adverse effect on our business, financial condition and results of operations.

The cost, availability and quality of ingredients restaurant operations use to prepare their food is subject to a range of factors, many of which are beyond their control. A significant component of our restaurant businesses' costs will be related to food commodities, including beef, pork, chicken, seafood, poultry, dairy products, oils, produce, fruit, flour and other related costs such as energy and transportation over which we may have little control, which can be subject to significant price fluctuations due to seasonal shifts, climate conditions, industry demand, changes in international commodity markets and other factors. If there is a substantial increase in prices for these commodities, our Restaurant Group companies' results of operations may be negatively affected. In addition, the Restaurant Group companies' restaurants are dependent upon frequent deliveries of perishable food products that meet certain specifications. Shortages or interruptions in the supply of perishable food products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, inclement weather or other conditions could adversely affect the availability, quality, and cost of ingredients, which would likely lower revenues, damage the Restaurant Group companies' reputation or otherwise harm our business.

The Restaurant Group companies are also subject to the general risks of inflation. The performance of our Restaurant Group companies' business is also adversely affected by increases in the price of utilities, such as natural gas, whether as a result of inflation, shortages or interruptions in supply, or otherwise. The Restaurant Group companies' business will also incur significant costs for insurance, labor, marketing, taxes, real estate, borrowing and litigation, all of which could increase due to inflation, changes in laws and regulations, competition or other events beyond the Restaurant Group companies' control.

Negative customer experiences or negative publicity surrounding our Restaurant Group companies' restaurants or other restaurants could adversely affect sales in one or more of our Restaurant Group companies' restaurants and make our concepts less valuable, which could have a material adverse effect on our business, financial condition and results of operations.

Because we believe our Restaurant Group companies' success depends significantly on their ability to provide exceptional food quality, outstanding service and an excellent overall dining experience, adverse publicity, whether or not accurate, relating to food quality, public health concerns, illness, safety, injury or government or industry findings concerning our Restaurant Group companies' restaurants, restaurants operated by other food service providers or others across the food industry supply chain could affect our Restaurant Group companies more than it would other restaurants that compete primarily on price or other factors. If customers perceive or experience a reduction in the food quality, service or ambiance at our Restaurant Group companies' restaurants or in any way believe our Restaurant Group companies' restaurants have failed to deliver a consistently positive experience, the value and popularity of one or more of our Restaurant Group companies' concepts could suffer. Further, because our restaurant businesses rely heavily on "word-of-mouth," as opposed to more conventional mediums of advertisement, to establish concept recognition, our restaurant businesses may be more adversely affected by negative customer experiences than other dining establishments, including those of our restaurant businesses' competitors.

Our restaurant businesses could suffer due to reduced demand for our restaurant businesses' brands or specific menu offerings if our restaurant businesses are the subject of negative publicity or litigation regarding allegations of food-related contaminations or illnesses, which could have a material adverse effect on our business, financial condition and results of operations.

Food safety is a top priority, and our Restaurant Group companies dedicate substantial resources to ensuring that their customers enjoy safe, quality food products. Food-related contaminations and illnesses may be caused by a variety of food-borne pathogens, such as e-coli or salmonella, which are frequently carried on unwashed fruits and vegetables, from a variety of illnesses transmitted by restaurant workers, such as hepatitis A, which may not be diagnosed prior to being infectious, and from contamination of food by foreign substances. Contamination and food borne illness incidents could also be caused at the point of source or by food suppliers and distributors. As a result, we cannot control all of the potential sources of contamination or illness that can be contained in or transmitted from our Restaurant Group companies' food. Regardless of the source or cause, any report of food-borne illnesses or other food safety issues including food tampering or contamination, at one of our Restaurant Group companies' restaurants could adversely affect the reputation of our Restaurant Group companies' brands and have a negative impact on their sales. Even instances of food-borne illness, food tampering or food contamination occurring solely at restaurants of our Restaurant Group companies' competitors or at one of our Restaurant Group companies' suppliers could result in negative publicity about the food service industry generally and adversely impact our Restaurant Group companies' sales.

If any person becomes injured or ill, or alleges becoming injured or ill, as a result of eating our Restaurant Group companies' food, our Restaurant Group companies may temporarily close some restaurants or their bakery facilities, which would decrease their revenues, and our restaurant businesses may be liable for damages or be subject to governmental regulatory action, either of which could have long-lasting, negative effects on our restaurant businesses' reputation, financial condition and results of operations, regardless of whether the allegations are valid or whether our restaurant businesses are found liable. The occurrence of food-borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

Our Restaurant Group companies' failure to comply with government regulation, and the costs of compliance or non-compliance, could have a material adverse effect on our business, financial condition and results of operations.

The Restaurant Group companies are subject to various federal, state and local laws and regulations affecting their business. Each of their restaurants and their bakery division are subject to licensing and regulation by a number of federal, state and local governmental authorities, which may include, among others, alcoholic beverage control, health and safety, nutritional menu labeling, health care, environmental and fire agencies. Difficulty in obtaining or failure to obtain the required licenses, including liquor or other licenses, permits or approval could delay or prevent the development of a new restaurant in a particular area. Additionally, difficulties or inabilities to retain or renew licenses, or increased compliance costs due to changed regulations, could adversely affect operations at existing restaurants.

While only approximately 9% of the Restaurant Group companies' consolidated restaurant sales in 2017 were attributable to the sale of alcoholic beverages, approximately 19% of the restaurant sales at Ninety Nine were attributable to the sale of alcoholic beverages in 2017. Alcoholic beverage control regulations require each restaurant to apply to a state authority and, in certain locations, county or municipal authorities for a license or permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of the Restaurant Group companies' restaurants, including minimum ages of patrons and employees, hours of operation, advertising, training, wholesale purchasing, inventory control and the handling, storage and dispensation of alcoholic beverages. The failure of a restaurant to obtain or retain liquor or food service licenses would adversely affect the restaurant's operations.

Our restaurant businesses' operations are also subject to federal and state labor laws, including the Fair Labor Standards Act of 1938, as amended, governing such matters as minimum wages, overtime, tip credits and worker conditions. The Restaurant Group companies' employees who receive tips as part of their compensation, such as servers, are generally paid at a minimum wage rate, after giving effect to applicable tip credits. The Restaurant Group companies rely on their employees to accurately disclose the full amount of their tip income, and they base their Federal Insurance Contributions Act tax reporting on the disclosures provided to them by such tipped employees. Significant numbers of these personnel are paid at rates related to the applicable minimum wage and thus, further increases in the federal or state minimum wage or other changes in these laws could increase our Restaurant Group companies' labor costs. Their ability to respond to minimum wage increases by increasing menu prices will depend on the responses of their competitors and customers.

In 2010, the Patient Protection and Affordable Care Act of 2010 (the "PPACA") was signed into law in the U.S. to require healthcare coverage for many uninsured individuals and expand coverage to those already insured. Starting in 2015, the PPACA required the Restaurant Group companies to offer healthcare benefits to all full-time employees (including full-time hourly employees) that meet certain minimum requirements of coverage and affordability, or face penalties. Continued compliance with the requirements of the PPACA and rising costs of healthcare may impose additional administrative costs. The costs and other effects of these healthcare requirements are not anticipated to have a significant effect on our business, financial condition or results of operations in fiscal year 2018 but they may significantly increase our Restaurant Group companies' healthcare coverage costs in future periods and could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the PPACA, in part, amended the federal Food, Drug and Cosmetic Act, to require chain restaurants with 20 or more locations in the U.S. to comply with federal nutritional disclosure requirements. Although the Food and Drug Administration ("FDA") has published final regulations to implement the nutritional menu labeling provisions, it has extended the compliance date until May 7, 2018, for those covered by the rule. We do not expect our restaurant businesses to incur any material costs from compliance with this provision, but cannot anticipate any changes in customer behavior resulting from the implementation of this portion of the law, which could have an adverse effect on our Restaurant Group companies' sales and results of operations. A number of states, counties and cities have also enacted menu labeling laws requiring multi-unit restaurant operators to disclose certain nutritional information to customers, or have enacted legislation restricting the use of certain types of ingredients in restaurants. Many of these requirements are inconsistent or are interpreted differently from one jurisdiction to another.

There is also a potential for increased regulation of certain food establishments in the U.S., where compliance with Hazard Analysis & Critical Control Points ("HACCP") management systems may now be required. HACCP refers to a management system in which food safety is addressed through the analysis and control of potential hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Many states have required

restaurants to develop and implement HACCP programs and the U.S. government continues to expand the sectors of the food industry that must adopt and implement HACCP programs. For example, the Food Safety Modernization Act, signed into law in January 2011, granted the FDA new authority regarding the safety of the entire food system, including through increased inspections and mandatory food recalls. We anticipate that the new requirements may impact the restaurant industry. Additionally, our Restaurant Group companies' suppliers may initiate or otherwise be subject to food recalls that may impact the availability of certain products, result in adverse publicity or require the Restaurant Group companies' to take actions that could be costly for them or otherwise harm their business.

In addition, in order to develop and construct restaurants, the Restaurant Group companies must comply with applicable zoning, land use and environmental regulations. Such regulations have not had a material effect on its operations to date, but more stringent and varied requirements of local governmental bodies could delay or prevent construction and increase development costs for new restaurants. The Restaurant Group companies are also subject to federal and state laws which prohibit discrimination and other accessibility standards as mandated by the Americans with Disabilities Act (the "ADA"), which generally, among other things, prohibits discrimination in accommodation or employment based on disability. The ADA became effective as to public accommodations and employment in 1992. Pursuant to the ADA, our restaurant businesses may in the future have to modify restaurants, by adding access ramps or redesigning certain architectural fixtures for example, to provide service to or make reasonable accommodations for disabled persons. While these expenses could be material, the Restaurant Group companies' current expectation is that any such actions will not require substantial capital expenditures.

The Restaurant Group companies are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. There also has been increasing focus by the U.S. on other environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters, such as the emission of greenhouse gases, and "cap and trade" initiatives could effectively impose a tax on carbon emissions. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in the cost of raw materials, commodities, taxes, transportation and utilities, which could decrease our Restaurant Group companies' operating profits and necessitate future investments in facilities and equipment.

The Restaurant Group companies are subject to laws and regulations relating to information security, privacy, cashless payments, gift cards and consumer credit, protection and fraud, and any failure or perceived or alleged failure to comply with these laws and regulations could harm their reputation or lead to litigation, which could have a material adverse effect on our financial condition and results of operations.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or an insufficient or ineffective response to significant regulatory or public policy issues, could increase our Restaurant Group companies' cost structure or lessen their operational efficiencies and talent availability, and therefore have a material adverse effect on our financial condition and results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase the Restaurant Group companies' exposure to litigation or governmental investigations or proceedings.

Restaurant companies, including our restaurant companies, are the target of claims and lawsuits from time to time in the ordinary course of business. Proceedings of this nature, if successful, could result in our payment of substantial costs and damages, which could have a material adverse effect on our business, financial condition and results of operations.

Our Restaurant Group companies and other restaurant companies have been subject to claims and lawsuits alleging various matters from time to time in the ordinary course of business, including those that follow. Claims and lawsuits may include class action lawsuits, alleging violations of federal and state laws regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted from time to time alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal deductions, the sharing of tips amongst certain employees, overtime eligibility of assistant managers and failure to pay for all hours worked. Although our restaurant businesses will maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these matters. Accordingly, if our restaurant businesses are required to pay substantial damages and expenses as a result of these types or other lawsuits, such payments or expenses could have a material adverse effect on our business and results of operations.

Occasionally, our Restaurant Group companies' customers may file complaints or lawsuits against the Restaurant Group companies alleging that they are responsible for some illness or injury the customers suffered at or after a visit to one of the Restaurant Group companies' restaurants, including actions seeking damages resulting from food-borne illness and relating to notices with respect to chemicals contained in food products required under state law. Our Restaurant Group companies may also be subject to a variety of other claims from third parties arising in the ordinary course of their business, including personal injury

claims, contract claims and claims alleging violations of federal and state laws. In addition, most of our Restaurant Group companies' restaurants are subject to state "dram shop" or similar laws which generally allow a person to sue our restaurant businesses if that person was injured by a legally intoxicated person who was wrongfully served alcoholic beverages at one of our Restaurant Group companies' restaurants. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their customers. In addition, the Restaurant Group companies may also be subject to lawsuits from their employees or others alleging violations of federal and state laws regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits in the restaurant industry have resulted in the payment of substantial damages by the defendants.

Additionally, certain of the Restaurant Group companies' tax returns and employment practices are subject to audits by the IRS and various state tax authorities. Such audits could result in disputes regarding tax matters that could lead to litigation that would be costly to defend or could result in the payment of additional taxes, which could have a material adverse effect on our business, results of operations and financial condition.

Regardless of whether any claims against the Restaurant Group companies are valid or whether they are liable, claims may be expensive to defend and may divert resources away from their operations. In addition, such claims may generate negative publicity, which could reduce customer traffic and sales. Although our restaurant businesses will maintain what they believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. Defense costs, even for unfounded claims, or a judgment or other liability in excess of our restaurant businesses' insurance coverage for any claims or any adverse publicity resulting from claims could have a material adverse effect on our business, results of operations and financial condition.

The Restaurant Group companies rely heavily on information technology and any material failure, interruption, or security breach in their systems could have a material adverse effect on our business, financial condition and results of operations.

The Restaurant Group companies rely heavily on information technology systems across their operations and corporate functions, including for order and delivery from suppliers and distributors, point-of-sale processing in their restaurants, management of their supply chains, payment of obligations, collection of cash, bakery production, data warehousing to support analytics, finance or accounting systems, labor optimization tools, gift cards, online business and various other processes and transactions, including the storage of employee and customer information. The Restaurant Group companies' ability to effectively manage their business and coordinate the production, distribution and sale of their products will depend significantly on the reliability and capacity of these systems. In August 2015, the Restaurant Group companies upgraded their information systems using a third-party provider. However, the failure of these systems to operate effectively, maintenance problems or problems with transitioning to upgraded or replacement systems could cause delays in product sales and reduced efficiency of our restaurant businesses' operations, and significant capital investments could be required to remediate the problem.

The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In addition, customers and employees have a high expectation that our restaurant businesses will adequately protect their personal information. The majority of our restaurant businesses' restaurant sales are by credit or debit cards. We and other restaurants and retailers have experienced security breaches in which credit and debit card information of their customers has been stolen. For example, a cyber-security investigation at O'Charley's identified signs of unauthorized access to the payment card network of O'Charley's restaurants from March 18, 2016 to April 8, 2016, during which period credit cards used at all O'Charley's restaurants (other than three franchised locations) may have been affected. In connection with this matter, ABRH has reimbursed Fifth Third Bank for fines arising under the MasterCard Security Rules and Procedures (Merchant Edition) in the amount of $0.6 million. ABRH has also reimbursed Fifth Third Bank for an assessment under the VISA Global Compromised Account Recovery (GCAR) rules and PCI penalty in the amount of $1.8 million. ABRH has received insurance reimbursements equal to $2.0 million relating to the MasterCard and VISA assessments. Any additional amounts imposed by other card issuers will depend on a variety of factors, including the specific facts and circumstances of the incident (e.g., how many cards were used to make unauthorized purchases) and the exercise of discretion by each card network. O’Charley’s could also face lawsuits by individual cardholders for unauthorized charges if the individuals are not fully compensated by the card brands. However, individual cardholders generally have no liability for unauthorized charges under the card brand rules, and O’Charley’s has received no notice of any such lawsuits to date.

In addition, any breach in customer payment information could result in investigations by the U.S. Secret Service Electronic Crimes Task Force ("ECTF") and increased cost in our restaurant businesses' efforts to cooperate with the ECTF.

The Restaurant Group companies also maintain certain personal information regarding their employees. In addition to government investigations, the Restaurant Group companies may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of their customers' credit or debit card information or if customer or employee information is obtained by unauthorized persons or used inappropriately. If the Restaurant Group companies fail to comply with these laws and regulations or experience a significant breach of customer, employee or company

data, their reputation could be damaged and they could experience lost sales, fines or lawsuits. Additionally, if a person is able to circumvent the security measures intended to protect our Restaurant Group companies' employee or customer private data, he or she could destroy or steal valuable information and disrupt our restaurant businesses' operations. The Restaurant Group companies may also be required to incur additional costs to modify or enhance their systems in order to prevent or remediate any such attacks.

The success of the Restaurant Group depends, in part, on its intellectual property, which we may be unable to protect.

We regard our service marks, including "O'Charley's", "Ninety Nine", "Village Inn", "Legendary Baking", and "Bakers Square", and other service marks and trademarks as having significant value and as being important factors in the marketing of our restaurants. We have also obtained trademarks for several of our menu items and for various advertising slogans. We are aware of names and marks similar to our service marks and trademarks used by other persons in certain geographic areas where we have restaurants. We believe such uses will not adversely affect us and our policy is to pursue registration of our marks whenever possible and to oppose vigorously any infringement of our marks.

We license the use of our registered trademarks and service marks to franchisees and third parties through franchise arrangements and licenses. The franchise and license arrangements restrict franchisees' and licensees' activities with respect to the use of our trademarks and service marks, and impose quality control standards in connection with goods and services offered in connection with the trademarks and service marks.

Occasionally, third parties may assert that we are, or may be, infringing on or misappropriating their intellectual property rights. In these cases, we intend to defend against claims or negotiate licenses when we consider these actions appropriate. Intellectual property cases are uncertain and involve complex legal and factual questions. If we become involved in this type of litigation, it could consume significant resources and divert our attention from business operations.

If we are found to infringe on the intellectual property rights of others, we could incur significant damages, be enjoined from continuing to use certain marks, or be required to obtain a license to continue using the affected marketing and promotional materials. A license could be very expensive to obtain or may not be available at all. Similarly, changing our marketing plan to avoid infringing the rights of others may be costly or impracticable.

Factors Relating to Ceridian

General economic factors could have a material adverse effect on Ceridian's financial performance and on our business, financial condition and results of operations.

General economic conditions and trade, monetary and fiscal policies impact Ceridian's business and the industries it serves. The Ceridian business has been negatively affected in the past by weak global and U.S. and Canadian economic environments which have included high unemployment rates, low interest rates and soft retail sales. Although elements of the challenging economic environment have become more favorable or stabilized in at least the U.S. and Canada, a prolonged slowdown in the economy or other economic conditions affecting overall unemployment levels, business and consumer spending and retail strength may adversely affect Ceridian's operating results by, among other things, decreasing its revenue through low customer employee counts or amounts of employee wage and bonus payments, diminished or slowing customer orders and timing of product installations and reduced spending on outsourcing or pressure to renegotiate existing contacts. Additionally, lower interest rates and risk associated with certain investment options have caused a decrease in Ceridian's revenue from interest in customer funds held in trust. Should global economic conditions deteriorate, the related impact on available credit may also adversely affect Ceridian or its business partners and customers by reducing access to capital or credit, increasing cost of debt and limiting ability to manage interest rate risk, and increasing the risk of bankruptcy of parties with which Ceridian does business, including credit or debt related counterparties. Such economic conditions and uncertainties may also adversely affect Ceridian and its business partners and customers through increased investment related risks by decreasing liquidity and/or increasing investment losses. In addition, Ceridian is dependent upon various large banks to execute payment transactions as part of its client payroll and tax services.

Failure to comply with anti-corruption laws and regulations, anti-money laundering laws and regulations, economic and trade sanctions and similar laws could have a material adverse effect on Ceridian's reputation, and on our business, financial condition and results of operations.

Regulators worldwide are exercising heightened scrutiny with respect to anti-corruption, anti-money laundering laws and regulations and economic and trade sanctions. Such heightened scrutiny has resulted in more aggressive enforcement of such laws and more burdensome regulations, which could adversely impact Ceridian's business. We will operate Ceridian around the world, including in some economies where companies and government officials may be more likely to engage in business practices that are prohibited by domestic and foreign laws and regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act. Such laws generally prohibit improper payments or offers of payments to foreign government officials and leaders of political parties, and in some cases, to other persons, for the purpose of obtaining or retaining business. Ceridian will also be subject to economic and trade sanctions programs, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, which prohibit or restrict transactions or dealings with specified countries, their governments, and in

certain circumstances, their nationals, and with individuals and entities that are specially designated, including narcotics traffickers and terrorists or terrorist organizations, among others.

Ceridian has implemented policies and procedures to monitor and address compliance with applicable anti-corruption laws and regulations and economic and trade sanctions, and annually reviews and evaluates the suitability of its policies; however, there can be no assurance that none of Ceridian's employees, consultants or agents will take actions in violation of these policies, for which Ceridian may be ultimately responsible, or that Ceridian's policies and procedures will be adequate or will be determined to be adequate by regulators. Any violations of applicable anti-corruption laws and regulations or economic and trade sanctions could limit certain of Ceridian's business activities until they are satisfactorily remediated and could result in civil and criminal penalties, including fines that could damage its reputation and have a material adverse effect on our business, financial condition and results of operations. Further, bank regulators are imposing additional and stricter requirements on banks to ensure they are meeting their obligations under The Bank Secrecy Act of 1970, as amended by the USA PATRIOT Act of 2001, and banks are, therefore, placing increased scrutiny on vendors and partners. As a result, Ceridian's banking partners may limit the scope of services they provide to Ceridian or may impose additional requirements on Ceridian. These regulatory restrictions on banks and changes to banks' internal risk-based policies and procedures may place an additional burden on Ceridian operations, or may require Ceridian to change the manner in which it conducts some aspects of its business, which may decrease its revenues and earnings and could have a material adverse effect on our business, financial condition and results of operations.

Ceridian's indebtedness could have a material adverse effect on our business, financial condition and results of operations.

In November 2014, Ceridian HCM Holding Inc. entered in a senior secured credit facility (the "Ceridian Credit Facility") with Deutsche Bank AG New York Branch, as administrative agent and collateral agent and Deutsche Bank AG Canada Branch, as Canadian sub-agent, and the lenders from time to time party thereto. The Ceridian Credit Facility provides for (i) a revolving credit facility with aggregate commitments in the amount of $130.0 million (the "Ceridian Revolver") consisting of an $88.4 million sub-facility for U.S. Dollar revolving loans and a $41.6 million sub-facility for multicurrency revolving loans and (ii) a term loan in the initial principal amount of $702.0 million (the "Ceridian Term Loan"), plus an accordion feature granting Ceridian the ability to increase the size of the facilities on the terms specified in the Ceridian Credit Facility. In October 2013, Ceridian issued senior unsecured notes due 2021 (the "Ceridian Notes", and together with the Ceridian Credit Facility, the "Ceridian Debt Facilities") pursuant to that certain Indenture with Wells Fargo Bank National Association in an original principal amount of $475.0 million. As of December 31, 2017, the Ceridian Revolver had no outstanding principal amount, the Ceridian Term Loan had an aggregate outstanding principal amount of $657.3 million and the Ceridian Notes had an aggregate outstanding principal amount of $475.0 million.

The Ceridian Debt Facilities contain, among other things, restrictive covenants that limit Ceridian and its subsidiaries' ability to finance future operations or capital needs or to engage in other business activities. The Ceridian Debt Facilities restrict, among other things, Ceridian's ability and the ability of its subsidiaries to incur additional indebtedness or issue guarantees, create liens on their respective assets, make distributions on or redeem equity interests, make investments, transfer or sell properties or other assets, and engage in mergers, consolidations or other fundamental change transactions, engage in transactions with affiliates and/or enter into burdensome agreements, in each case, subject to certain customary exceptions. In addition, if the usage of the Ceridian Revolver exceeds a specified threshold, the Ceridian Credit Facility will require Ceridian to meet a specified financial ratio.

The Ceridian indebtedness, including the related restrictive covenants that impose operating and financial restrictions on Ceridian, and its other financial obligations could have important consequences to us, such as:

- increasing Ceridian's vulnerability to general adverse economic and industry conditions, which could place it at a competitive disadvantage compared to its competitors that have relatively less indebtedness;

- requiring Ceridian to dedicate a substantial portion of its cash flow from operations to payments on Ceridian's indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, service and product development and other purposes;

- exposing Ceridian to the risk of increased interest rates as certain of its borrowings, including borrowings under the Ceridian Credit Facility, are at variable rates of interest;

- restricting Ceridian from making strategic acquisitions, causing it to make non-strategic divestitures, or limiting its ability to engage in acts that may be in its long-term best interests (including merging or consolidating with another person, selling or otherwise disposing of all or substantially all of Ceridian's assets, redeeming, repurchasing or retiring its capital stock, subordinated debt or certain other debt or incurring or guaranteeing additional debt);

- limiting Ceridian's planning flexibility for, or ability to react to, changes in its business and the industries in which it operates; and

- limiting Ceridian's ability to adjust to changing market conditions.

If Ceridian fails to make any required payment under its indebtedness or to comply with any of the financial and operating covenants related thereto, it will be in default. Ceridian's lenders could then vote to accelerate the maturity of the indebtedness and, in the case of the Ceridian Credit Facility, foreclose upon Ceridian and its subsidiaries' assets securing such indebtedness. Other creditors might then accelerate other indebtedness. If any of Ceridian's creditors accelerate the maturity of their indebtedness, Ceridian may not have sufficient assets to satisfy its obligations under its indebtedness.

A breach of Ceridian's security, loss of customer data or system disruption could have a material adverse effect on our business, financial condition and results of operations.

Ceridian is dependent on its respective payroll, transaction, financial, accounting and other data processing systems. Ceridian relies on these systems to process, on a daily basis, a large number of complicated transactions. Any security breach in these business processes and/or systems has the potential to impact Ceridian's customer information and its financial reporting capabilities which could result in the potential loss of business and its ability to accurately report financial results. If any of these systems fails to operate properly or becomes disabled even for a brief period of time, Ceridian could potentially lose control of customer data and Ceridian could suffer financial loss, a disruption of its businesses, liability to clients, regulatory intervention or damage to its reputation.

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 Ceridian's market reputation, litigation and regulatory investigation and penalties. Ceridian's continued investment in the security of its IT systems, continued efforts to improve the controls within its IT systems, business processes improvements, and the enhancements to its culture of information security may not successfully prevent attempts to breach its security or unauthorized access to confidential, sensitive or proprietary information.

In addition, in the event of a catastrophic occurrence, either natural or man-made, Ceridian's ability to protect its infrastructure, including client data, and maintain ongoing operations could be significantly impaired. Ceridian's business continuity and disaster recovery plans and strategies may not be successful in mitigating the effects of a catastrophic occurrence. If Ceridian's security is breached, confidential information is accessed or it experiences a catastrophic occurrence, such an occurrence could have a material adverse effect on our business and operating results.

Litigation and governmental inquiries, investigations and proceedings related to Ceridian could have a material adverse effect on our business, financial condition and results of operations.

Ceridian may be adversely affected by 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 regulatory bodies or administrative agencies. From time to time in the ordinary course of business, Ceridian has had inquiries from regulatory bodies and administrative agencies relating to the operation of its business. It is Ceridian's practice to cooperate with such inquiries. Such inquiries may result in various audits, reviews and investigations. An adverse outcome of any investigation by, or other inquiries from, such bodies or agencies could have a material adverse effect on our business, financial condition and results of operations 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 Ceridian by its customers, regulatory authorities, the media and others. Ceridian is also subject to claims and a number of judicial and administrative proceedings considered normal in the course of its 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 Ceridian may not prevail. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require expenditures on Ceridian's part. There can be no certainty that Ceridian may not ultimately incur charges in excess of presently or established future financial accruals or insurance coverage, or that Ceridian would prevail. Whether or not Ceridian prevails, such litigation may have a material adverse effect on our business, financial condition and results of operations.

The failure of Ceridian's business to comply with applicable laws could result in substantial taxes, penalties and liabilities that could have a material adverse effect on our business, financial condition and results of operations.

Ceridian is subject to various laws and regulations, and its failure to comply with such laws and regulations could adversely affect our business. For example, Ceridian's customers remit employer and employee tax funds to its businesses. Ceridian 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, Ceridian assumes financial responsibility for the payment of the taxes, penalties and liabilities assessed against its customers arising out of its failure 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 Ceridian. These taxes, penalties and liabilities could, in some cases, be substantial and could adversely affect Ceridian's business and operating results. Additionally, Ceridian's failure to fulfill its obligations under its customer agreements could adversely affect Ceridian's reputation, its relationship with its customers and its ability to gain new customers. In addition, mistakes may occur in connection with this service. Ceridian and its customers may be subject to penalties imposed by tax authorities for late filings or underpayment of taxes.

Ceridian is subject to risks related to its international operations, which could have a material adverse effect on our business, financial condition and results of operations.

Approximately 31% of Ceridian's revenue for the year ended December 31, 2017 was obtained from its international operations. Ceridian's Canada operations provide certain human capital management ("HCM") services for Ceridian's Canadian customers. Ceridian is continuing to expand its international HCM business into other countries by (i) engaging a partner within a country to provide it with managed payroll administration and processing services for that country and (ii) expanding the features and functionality of its Dayforce product for use in such other countries. As such, Ceridian's international operations are subject to risks that could adversely affect those operations or its business as a whole, including costs of localizing products and services for foreign customers; difficulties in managing and staffing international operations; difficulties and increased expenses introducing corporate policies and controls in its international operations; difficulties with or inability to engage global partners; reduced or varied protection of 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; compliance with applicable anti-bribery laws, including the FCPA; exposure to legal jurisdictions that may not recognize or interpret customer contracts appropriately; potentially adverse tax consequences, including the complexities of foreign value added tax systems, restrictions on the repatriation of earnings and changes in tax rates; exposure to local economic and political conditions; and changes in currency exchange rates.

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

Factors Relating to T-System

The healthcare industry is heavily regulated at the local, state and federal levels. T-System's failure to comply with regulatory requirements could create liability for us, result in adverse publicity and negatively affect T-System's business.

The healthcare industry is heavily regulated and is constantly evolving due to the changing political, legislative and regulatory landscapes. In some instances, to the extent that they are subject to these laws and regulations, these regulations directly impact T-System's business. However, these regulations also impact T-System's business indirectly as, in a number of circumstances, T-System's solutions and services must be capable of being used by its customers in a way that complies with those laws and regulations, even though T-System's may not be directly regulated by the specific healthcare laws and regulations. There is a significant number of wide-ranging regulations, including regulations in the areas of healthcare fraud, e-prescribing, claims processing and transmission, medical devices, the security and privacy of patient data, the American Reinvestment and Recovery Act ("ARRA") meaningful use program, and interoperability standards, that may be directly or indirectly applicable to T-System's operations and relationships or the business practices of its customers.

Economic, market and other factors may cause a decline in spending for information technology and services by T-System's current and prospective customers which may result in less demand for its products, lower prices and, consequently, lower revenues and a lower revenue growth rate.

The purchase of T-System's information system involves a significant financial commitment by its customers. At the same time, the healthcare industry faces significant financial pressures that could adversely affect overall spending on healthcare information technology and services. For example, the recent actual and potential reductions in federal and state funding for Medicare and Medicaid has caused hospitals to reduce, eliminate or postpone information technology related and other spending. To the extent spending for healthcare information technology and services declines or increases slower than T-System's anticipates, demand for its products and services, as well as the prices it charges, could be adversely affected. Accordingly, we cannot assure you that T-System will be able to increase or maintain its revenues or its revenue growth rate.

If T-System's security is breached, it could be subject to liability, and clients could be deterred from using its products and services.

T-System's business relies on the secure electronic transmission, storage and hosting of sensitive information, including Protected Health Information ("PHI"), financial information and other sensitive information relating to its clients, company and workforce. As a result, T-System faces risk of a deliberate or unintentional incident involving unauthorized access to its computer systems or data that could result in the misappropriation or loss of assets or the disclosure of sensitive information, the corruption of data, or other disruption of its business operations. Similarly, denial-of-service, ransomware or other Internet-based attacks may range from mere vandalism of T-System's electronic systems to systematic theft of sensitive information and intellectual property. We believe that, in recent years, companies in T-System's industry have been targeted by such events with increasing frequency, primarily due to the increasing value of healthcare-related data.

Various risks could affect T-System's worldwide operations, exposing it to significant costs.

T-System conducts operations in the United States, India, and the Philippines, either directly or through its service providers. Such worldwide operations expose T-System to potential operational disruptions and costs as a result of a wide variety of events, including local inflation or economic downturn, currency exchange fluctuations, political turmoil, terrorism, labor issues, natural disasters, unfavorable intellectual property protection, and pandemics. Any such disruptions or costs could have a negative effect on T-System's ability to provide its services or meet its contractual obligations, the cost of its services, client and user satisfaction, its ability to attract or maintain clients and users, and, ultimately, its profits.

Factors Relating to the Company's Corporate and Other Businesses

Competition and technology may erode the Corporate and Other business franchises and result in lower earnings, which could have a material adverse effect on our business, financial condition and results of operations.

Each of the Corporate and Other businesses face intense competitive pressures within markets in which they operate. While we will manage our businesses with the objective of achieving long-term sustainable growth by developing and strengthening competitive advantages, many factors, including market and technology changes, may erode or prevent the strengthening of competitive advantages. Accordingly, future operating results will depend to some degree on whether our Corporate and Other businesses are successful in protecting or enhancing their competitive advantages. If our Corporate and Other businesses are unsuccessful in these efforts, our periodic operating results in the future may decline from current levels.

The Corporate and Other businesses, from time to time in the ordinary course of business, are involved in legal proceedings and may experience unfavorable outcomes, which could have a material adverse effect on our business, financial condition and results of operations.

The Corporate and Other businesses, from time to time in the ordinary course of business, are involved in pending and threatened litigation matters, some of which include claims for punitive or exemplary damages. These companies are also subject to compliance with extensive government laws and regulations related to employment practices and policies. The Corporate and Other businesses may not be able to successfully resolve these types of conflicts to their satisfaction, and these matters may involve claims for substantial amounts of money or for other relief that might necessitate changes to their business or operations. The defense of these actions may be both time consuming and expensive and their outcomes cannot be predicted with certainty. Determining reserves for pending litigation is a complex, fact-intensive process that requires significant legal judgment. It is possible that unfavorable outcomes in one or more such proceedings could result in substantial payments that could have a material adverse effect on the Corporate and Other businesses' cash flows in a particular period or on our business, financial condition and results of operations.

Failure to comply with, or changes in, laws or regulations applicable to the Corporate and Other businesses could have a material adverse effect on our business, financial condition and results of operations.

The Corporate and Other businesses will be subject to certain laws, such as certain environmental laws, takeover laws, anti-bribery and anti-corruption laws, escheat or abandoned property laws, and antitrust laws, that may impose requirements on us and them as an affiliated group. As a result, we could become jointly and severally liable for all or part of fines imposed on our Corporate and Other businesses or be fined directly for violations committed by these businesses, and such fines imposed directly on us could be greater than those imposed on such businesses. Compliance with these laws or contracts could also require us to commit significant resources and capital towards information gathering and monitoring thereby increasing our operating costs.

Similarly, the Corporate and Other businesses may be subject to contractual obligations which may impose obligations or restrictions on their affiliates. The interpretation of such contractual provisions will depend on local laws. Given that we do not control all of the Corporate and Other businesses and that they generally operate independently of each other, there is a risk that we could contravene one or more of such laws, regulations and contractual arrangements due to limited access and opportunities to monitor compliance. In addition, compliance with these laws or contracts could require us to commit significant resources and capital towards information gathering and monitoring thereby increasing our operating costs.

We need qualified personnel to manage and operate our Corporate and Other businesses, which could have a material adverse effect on our business, financial condition and results of operations.

In our decentralized business model, we need qualified and competent management to direct day-to-day business activities of our Corporate and Other businesses. Our Corporate and Other businesses also need qualified and competent personnel in executing their business plans and serving their customers, suppliers and other stakeholders. Changes in demographics, training requirements and the unavailability of qualified personnel could negatively impact our Corporate and Other businesses' ability to meet demands of customers to supply goods and services. Recruiting and retaining qualified personnel is important to all of our Corporate and Other businesses' operations. Although our Corporate and Other businesses have adequate personnel for the current business environment, unpredictable increases in demand for goods and services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on our operating results, financial condition and liquidity.

Factors Relating to the Company's Investments

Our management may seek growth through acquisitions in lines of business that will not necessarily be limited to our current areas of focus or geographic areas. This expansion of our business subjects us to associated risks, such as the diversion of management's attention and lack of experience in operating such businesses, which could have a material adverse effect on our business, financial condition and results of operations.

We may make acquisitions in lines of business that are not directly tied to or synergistic with our current portfolio companies. Accordingly, we may in the future acquire businesses in industries or geographic areas with which management is less familiar than we are with our current businesses.

The acquisition and integration of any business we may acquire involves a number of risks and may result in unforeseen operating difficulties and expenditures in assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired business. Furthermore, acquisitions may:

- involve our entry into geographic or business markets in which we have little or no prior experience;
- involve difficulties in retaining the customers of the acquired business;
- involve difficulties and expense associated with regulatory requirements, competition controls or investigations;
- result in a delay or reduction of sales for both us and the business we acquire; and
- disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business.

To complete future acquisitions, we may determine that it is necessary to use a substantial amount of our cash or engage in equity or debt financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters that make it more difficult for us to obtain additional capital in the future and to pursue other business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all, which could limit our ability to engage in acquisitions. Moreover, we can make no assurances that the anticipated benefits of any acquisition, such as operating improvements or anticipated cost savings, would be realized or that we would not be exposed to unexpected liabilities in connection with any acquisition.

Further, an acquisition may negatively affect our operating results because it may require us to incur charges and substantial debt or other liabilities, may cause adverse tax consequences, substantial depreciation and amortization of deferred compensation charges, may require the amortization, write-down or impairment of amounts related to deferred compensation, goodwill and other intangible assets, may include substantial contingent consideration payments or other compensation that reduce our earnings during the quarter in which incurred, or may not generate sufficient financial return to offset acquisition costs.

We may often pursue investment opportunities that involve business, regulatory, legal or other complexities, which could have a material adverse effect on our business, financial condition and results of operations.

As an element of our investment style, we may pursue unusually complex investment opportunities. This could often take the form of substantial business, regulatory or legal complexity. Our tolerance for complexity may present risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it may be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions may sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Any of these risks could harm our performance.

The loss of key personnel could impair our operating abilities and could have a material adverse effect on our business, financial condition and results of operations.

Our success will substantially depend on our ability to attract and retain key members of our senior management team and officers. If we lose one or more of these key employees, our operating results and in turn the value of our common stock could be materially adversely affected. Although we will have employment agreements with many of our officers, there can be no assurance that the entire term of the employment agreement will be served or that the employment agreement will be renewed upon expiration.

The due diligence process that we undertake in connection with new acquisitions may not reveal all facts that may be relevant in connection with an investment.

Before making acquisitions, we will conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an acquisition, we will rely on the resources

available to us, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigation that we will carry out with respect to any opportunity may not reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Factors Relating to the Split-Off

We may incur material costs as a result of our separation from FNF, which could have a material adverse effect on our business, financial condition and results of operations.

We will incur costs and expenses not previously incurred as a result of our separation from FNF. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with the federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002, tax administration and human resources related functions.) Although FNF will continue to provide many of these services for us at no-cost (other than reimbursement of FNF's out-of-pocket costs and expenses) under the corporate services agreement for up to three years following the Split-Off. If the corporate services agreement is not mutually terminated by Cannae Holdings and FNF prior to the expiration of the initial three-year term, the corporate services agreement will automatically renew for successive one-year terms on mutually agreeable arm's length terms unless FNF and Cannae Holdings mutually agree to terminate the agreement. We cannot assure you that we will not incur third-party vendor costs or out-of-pocket expenses under the corporate services agreement that are material to our business. Moreover, we will have to develop internal departments/functions to perform the services at the end of the term of the corporate services agreement.

Our company has an overlapping director and overlapping officers with FNF, which may lead to conflicting interests.

Four of our executive officers, Brent B. Bickett, Richard L. Cox, Michael L. Gravelle and David Ducommun, are also employed by FNF or FNF's subsidiaries and one of our directors, William P. Foley, II, also serves on the boards of directors of FNF or its subsidiaries. Our executive officers and members of our board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at FNF or any other public company have fiduciary duties to that company's stockholders. We also are party to a variety of related party agreements and relationships with FNF and certain of FNF's subsidiaries and FNF and subsidiaries of FNF have an ownership interest in Cannae Holdings. From time to time, we may enter into transactions with FNF and/or its respective subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our company, FNF or any of our or its respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

Our inter-company agreements were negotiated while we were a subsidiary of FNF.

We have a number of inter-company agreements covering matters such as tax sharing and our responsibility for certain liabilities previously undertaken by FNF for certain of our businesses. In addition, we have entered into (i) a corporate services agreement with FNF, pursuant to which FNF provides to us certain "back office" services at no-cost (other than reimbursement of FNF's out-of-pocket costs and expenses), (ii) a voting agreement with FNF, pursuant to which FNF agrees to appear or cause all shares of Cannae Holdings common stock that FNF or its subsidiaries, as applicable, own after the Split-Off to be counted as present at any meeting of the stockholders of Cannae Holdings, for the purpose of establishing a quorum, and agrees to vote all of such Cannae Holdings shares (or cause them to be voted) in the same manner as, and in the same proportion to, all shares voted by holders of Cannae Holdings common stock (other than FNF and its subsidiaries), (iii) a registration rights agreement, pursuant to which FNF or its subsidiaries, as applicable, received registration rights with respect to the shares in Cannae held by FNF and (iv) a revolver note with FNF, pursuant to which Cannae Holdings may borrow revolving loans, the proceeds of which may be used for investment purposes and working capital needs, from FNF from time to time in an aggregate amount not to exceed $100.0 million. The terms of all of these agreements were established while we were a wholly-owned subsidiary of FNF, and hence may not be the result of arm's length negotiations. We believe that the terms of these inter-company agreements are commercially reasonable and fair to all parties under the circumstances; however, conflicts could arise in the interpretation or any extension or renegotiation of the foregoing agreements after the Split-Off.

Factors Relating to the Company's Common Stock and the Securities Market

If we are unable to satisfy the requirements of Section 404 of Sarbanes-Oxley, or our internal control over financial reporting is not effective, the reliability of our financial statements may be questioned and our stock price may suffer, which could have a material adverse effect on our business, financial condition and results of operations.

Section 404 of Sarbanes-Oxley requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures, our management will be required to assess and issue a report concerning our internal control over financial reporting, and our independent auditors will be required to issue an opinion on management's assessment of those matters. Our compliance with Section 404 of Sarbanes-Oxley will first be tested in connection with the filing of our Annual Report on Form 10-K for the fiscal year ending December 31, 2018. The rules governing

the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules.

During the course of its testing, our management may identify material weaknesses or significant deficiencies which may not be remedied in time to meet the deadline imposed by Sarbanes-Oxley. If our management cannot favorably assess the effectiveness of our internal control over financial reporting or our auditors identify material weaknesses in our internal controls, investor confidence in our financial results may weaken, and our stock price may suffer.

Our charter, bylaws and provisions of Delaware law may discourage or prevent strategic transactions, including a takeover of our company, even if such a transaction would be beneficial to our stockholders.

Provisions contained in our charter and bylaws and provisions of the Delaware General Corporate Law ("DGCL"), could delay or prevent a third party from entering into a strategic transaction with us, as applicable, even if such a transaction would benefit our stockholders. For example, our charter and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by us upon approval of our board of directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- provide that directors may be removed from office only for cause and that any vacancy on our board of directors may only be filled by a majority of our directors then in office, which may make it difficult for other stockholders to reconstitute our board of directors;
- provide that special meetings of the stockholders may be called only upon the request of a majority of our board of directors or by our executive chairman, chief executive officer or president, as applicable;
- require advance notice to be given by stockholders for any stockholder proposals or director nominees;
- provide that directors are elected by a plurality of the votes cast by stockholders, which results in each director nominee elected by a plurality winning his or her seat upon receiving one "for" vote; and
- provide that the board of directors is divided into three classes, as nearly equal in number as possible, with one class being elected at each annual meeting of stockholders, which could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of Cannae.

These restrictions and provisions could keep us from pursuing relationships with strategic partners and from raising additional capital, which could impede our ability to expand our business and strengthen our competitive position. These restrictions could also limit stockholder value by impeding a sale of our company.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Our corporate headquarters are located in Las Vegas, Nevada in leased facilities.

Restaurant Group. The Restaurant Group's headquarters are located in Nashville, Tennessee with other office locations in Woburn, Massachusetts and Denver, Colorado. The majority of the restaurants are leased from third parties, and are located in 40 states throughout the United States and Guam. Substantially all of our Restaurant Group's revenues are generated in those states.

Ceridian. The principal executive offices of Ceridian HCM are located in Minneapolis, Minnesota and Toronto, Ontario. As of December 31, 2017, Ceridian's principal computer and office facilities are located in the metropolitan areas of Minneapolis, Minnesota; Atlanta, Georgia; Los Angeles, California; Chicago, Illinois; St. Petersburg, Florida; St. Louis, Missouri; Honolulu, Hawaii; Louisville, Kentucky; in Winnipeg, Manitoba, Montreal, Quebec, Ottawa, Ontario, Calgary, Alberta, Halifax, Nova Scotia, Charlottetown, Prince Edward Island, Canada; and in Ebene, Mauritius.

T-System. T-System's headquarters are located in Dallas, Texas with other leased offices located in Kansas City, Kansas.

Corporate and Other. The Golf & Real Estate segment of FNTR owns a 1,800 acre ranch-style luxury resort and residential community in Bend/Powell Butte, Oregon and an 18-hole championship golf facility located in Rock Creek, Idaho.

Item 3. ***Legal Proceedings***

For a description of our legal proceedings see discussion under *Legal and Regulatory Contingencies* in Note M. *Commitments and Contingencies* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report, which is incorporated by reference into this Part I, Item 3.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

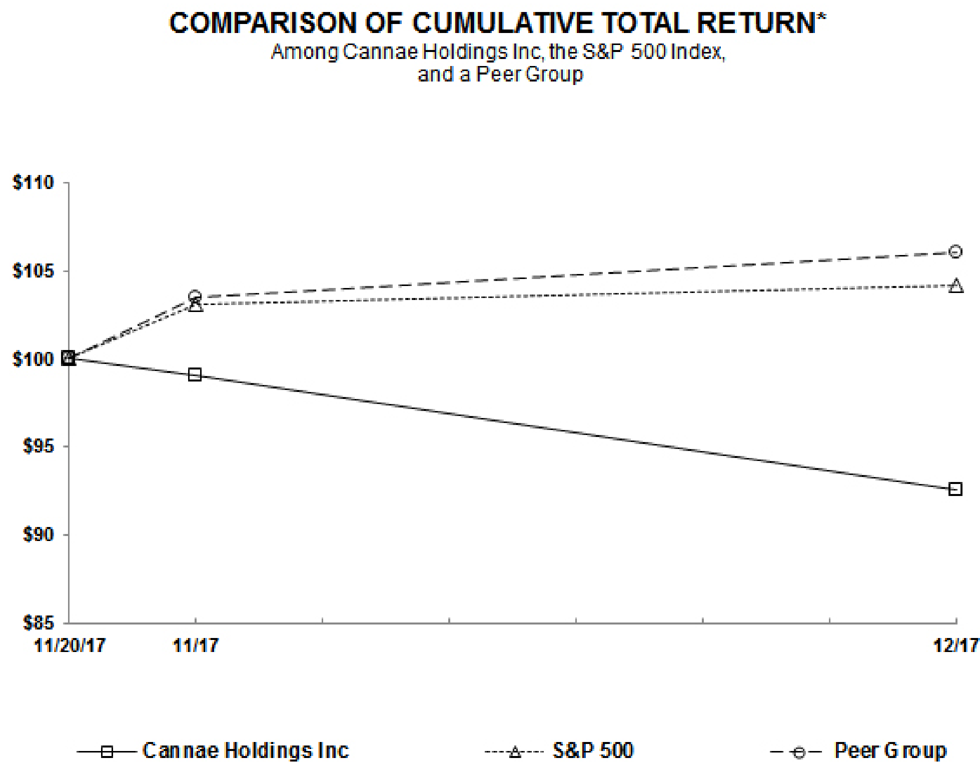
The Company's common stock trades on The New York Stock Exchange under the trading symbol "CNNE". The following table provides the high and low closing sales prices of our common stock and cash dividends declared per share of common stock during the fourth quarter of 2017. Our stock began trading on November 20, 2017.

Cannae Holdings, Inc.	Stock Price High	Stock Price Low	Cash Dividends Declared
Year ended December 31, 2017			
Fourth quarter	$ 18.45	$ 16.43	—

Information concerning securities authorized for issuance under our equity compensation plans will be included in Item 12 of Part III of this Annual Report.

PERFORMANCE GRAPH

Set forth below is a graph comparing cumulative total shareholder return on our Cannae Holdings ("CNNE") common stock against the cumulative total return on the S&P 500 Index and against the cumulative total return of a peer group index consisting of certain companies against which we compete for the period ending December 31, 2017. The peer group comparison has been weighted based on their stock market capitalization. The graph assumes an initial investment of $100.00 on November 20, 2017, the date which CNNE began trading.



	11/20/2017	11/30/2017	12/31/2017
Cannae Holdings, Inc.	100.00	99.02	92.60
S&P 500	100.00	103.07	104.21
Peer Group (1)	100.00	103.49	106.02

(1) This peer group consists of the following companies: Apollo Global Management, LLC, Ares Capital Corporation, BlackRock, Inc., The Blackstone Group L.P., The Carlyle Group, Compass Diversified Holdings, KKR & Co. L.P., Leucadia National Corporation, Liberty Interactive Corporation, and Liberty Media Corporation.

On February 28, 2018, the last reported sale price of Cannae Holdings common stock on The New York Stock Exchange was $18.38 per share. We had approximately 5,215 shareholders of record of Cannae Holdings common stock.

We have not paid any dividends on our Cannae Holdings common stock, and our current Cannae Holdings dividend policy does not presently anticipate the payment of dividends. Payment of dividends, if any, in the future will be determined by our Board of Directors in light of our earnings, financial condition and other relevant considerations.

On November 16, 2017, certain subsidiaries of FNF contributed an aggregate of $100.0 million to us in exchange for 5,706,134 shares of Cannae common stock.

Item 6. ***Selected Financial Data***

The information set forth below should be read in conjunction with the Consolidated and Combined Financial Statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. Certain reclassifications have been made to the prior year amounts to conform with the 2017 presentation. See Note A *Business and Summary of Significant Accounting Policies* to our Consolidated and Combined Financial Statements for discussion of immaterial corrections of errors affecting the years ended December 31, 2016, 2015 and 2014.

On June 6, 2017, we closed on the sale of OneDigital for $560.0 million in an all-cash transaction. The operations of One Digital are included in discontinued operations for the years ended December 31, 2017, 2016, and 2015. We recognized a pre-tax gain of $276.0 million on the sale and $126.3 million in income tax expense, which are included in Net earnings from discontinued operations on the Consolidated and Combined Statement of Operations for the quarter ended June 30, 2017.

On September 28, 2015, we completed the distribution of J. Alexander's to FNFV shareholders. The results of J. Alexander's operations are included through the distribution date.

On December 31, 2014, we completed the distribution of Remy International, Inc. to FNFV shareholders. The operations of Remy are included in discontinued operations for the years ended December 31, 2014 and 2013.

Summary Balance Sheet Data:

	As of December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Balance Sheet Data:					
Cash and cash equivalents	$ 245.6	$ 141.7	$ 273.8	$ 203.0	150.5
Total assets	1,487.2	1,473.3	1,469.5	1,918.1	2,685.6
Notes payable, long term	12.7	93.3	92.8	113.0	363.1
Equity	1,153.1	1,009.8	1,056.5	1,483.6	1,700.6

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Summary Statement of Operations Data:

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Operating Data:					
Operating revenue	$ 1,169.5	$ 1,178.4	$ 1,414.7	$ 1,453.8	$ 1,426.1
Expenses:					
Operating Expenses:					
Cost of restaurant revenues	991.0	984.1	1,195.2	1,219.6	1,203.6
Personnel costs	103.2	68.3	85.4	110.7	135.7
Depreciation and amortization	49.3	44.7	49.8	53.2	55.1
Other operating expenses	104.4	83.5	96.4	90.6	71.5
Total operating expenses	1,247.9	1,180.6	1,426.8	1,474.1	1,465.9
Operating loss	(78.4)	(2.2)	(12.1)	(20.3)	(39.8)
Total other income (expense), net	3.2	7.4	8.3	(1.4)	(6.4)
(Loss) earnings before income taxes, equity in earnings (loss) of unconsolidated affiliates, and noncontrolling interest	(75.2)	5.2	(3.8)	(21.7)	(46.2)
Income tax (benefit) expense	(16.6)	(10.4)	(19.7)	160.3	(40.1)
(Loss) earnings before equity in earnings (loss) of unconsolidated affiliates	(58.6)	15.6	15.9	(182.0)	(6.1)
Equity in earnings (loss) of unconsolidated affiliates	3.4	(29.5)	(26.0)	431.9	(30.1)
(Loss) earnings from continuing operations, net of tax	(55.2)	(13.9)	(10.1)	249.9	(36.2)
Earnings from discontinued operations, net of tax	147.7	2.0	2.8	10.1	14.4
Net earnings (loss)	92.5	(11.9)	(7.3)	260.0	(21.8)
Less: Net (loss) earnings attributable to noncontrolling interests	(16.3)	0.5	15.6	3.8	13.4
Net earnings (loss) attributable to Cannae Holdings	$ 108.8	$ (12.4)	$ (22.9)	$ 256.2	$ (35.2)
Per Share Data:					
Basic					
Net (loss) earnings from continuing operations attributable to Cannae Holdings common shareholders (1)	$ (0.55)	$ (0.21)	$ (0.36)	$ 3.49	$ (0.70)
Net earnings from discontinued operations attributable to Cannae Holdings common shareholders (1)	2.09	0.03	0.04	0.14	0.20
Net earnings (loss) per share attributable to Cannae Holdings common shareholders (1)	$ 1.54	$ (0.18)	$ (0.32)	$ 3.63	$ (0.50)
Weighted average shares outstanding Cannae Holdings, basic basis (1)	70.6	70.6	70.6	70.6	70.6
Diluted					
Net (loss) earnings from continuing operations attributable to Cannae Holdings common shareholders (1)	$ (0.55)	$ (0.21)	$ (0.36)	$ 3.49	$ (0.70)
Net earnings from discontinued operations attributable to Cannae Holdings common shareholders (1)	2.09	0.03	0.04	0.14	0.20
Net earnings (loss) per share attributable to Cannae Holdings common shareholders (1)	$ 1.54	$ (0.18)	$ (0.32)	$ 3.63	$ (0.50)
Weighted average shares outstanding Cannae Holdings, diluted basis (1)	70.6	70.6	70.6	70.6	70.6
Cash dividends paid per share Cannae Holdings common stock	$ —	$ —	$ —	$ —	$ —
Book value per share Cannae Holdings (1)	$ 16.33	$ 14.30	$ 14.96	$ 21.01	$ 24.09

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(1) On November 17, 2017, the date of the consummation of the Split-Off, 70.6 million common shares of CNNE were distributed to FNFV Group shareholders. For comparative purposes, the weighted average number of common shares outstanding and basic and diluted earnings per share for the years ended December 31, 2016, 2015, 2014 and 2013 were calculated using the number of shares distributed as if those shares were issued and outstanding beginning January 1, 2013.

Summary Quarterly Financial Data (Unaudited)

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
2017:				
Operating revenue	$ 275.3	$ 295.5	$ 281.3	$ 317.4
Loss before income taxes, equity in losses of unconsolidated affiliates, and noncontrolling interest	(2.2)	(35.4)	(21.2)	(16.4)
Net earnings (loss) attributable to Cannae Holdings (1)	$ 0.5	$ 126.4	$ (16.6)	$ (1.5)
Basic earnings (loss) per share attributable to Cannae Holdings common shareholders	$ —	$ 1.79	$ (0.24)	$ (0.02)
Diluted earnings (loss) per share attributable to Cannae Holdings common shareholders	$ —	$ 1.79	$ (0.24)	$ (0.02)
Cash dividends paid per share Cannae Holdings common stock	$ —	$ —	$ —	$ —
2016:				
Operating revenue	$ 295.4	$ 298.1	$ 281.9	$ 303.0
(Loss) earnings before income taxes, equity in losses of unconsolidated affiliates, and noncontrolling interest	(2.0)	18.4	(4.3)	(6.9)
Net earnings (loss) attributable to Cannae Holdings (1)	$ (0.4)	$ 16.4	$ (27.7)	$ (0.7)
Basic earnings (loss) per share attributable to Cannae Holdings common shareholders	$ (0.01)	$ 0.23	$ (0.39)	$ (0.01)
Diluted earnings (loss) per share attributable to Cannae Holdings common shareholders	$ (0.01)	$ 0.23	$ (0.39)	$ (0.01)
Cash dividends paid per share Cannae Holdings common stock	$ —	$ —	$ —	$ —

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(1) Net earnings (loss) attributable to Cannae Holdings ("Net Earnings") for previously reported quarterly information is different from the previously reported amounts in our Registration Statement and Form 10-Q due to immaterial corrections made during the fourth quarter of 2017. Net earnings for the quarters ended March 31, June 30, and September 30, 2017 increased (decreased) by $(0.2) million, $(1.5) million, and $(1.5) million, respectively from the previously reported amounts. Net Earnings for the quarters ended March 31, June 30, September 30, and December 31, 2016 decreased by $1.3 million, $1.3 million, $1.3 million and $2.6 million, respectively. See Note A *Business and Summary of Significant Accounting Policies* to our Consolidated and Combined Financial Statements for further discussion of immaterial corrections of errors.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with the Consolidated and Combined Financial Statements and the Notes thereto and Selected Financial Data included elsewhere in this Form 10-K.

Overview

For a description of our business, including descriptions of segments, see the discussion under Business in Item 1 of Part I of this Annual Report, which is incorporated by reference into this Part II, Item 7 of this Annual Report.

Recent Developments

On March 26, 2018, Ceridian HCM announced that it has filed a draft registration statement on Form S-1 with the SEC, which has not yet become effective, relating to the proposed initial public offering of its common stock. The number of shares of common stock to be sold and the price range for the proposed offering have not yet been determined. The initial public offering is expected to commence after the SEC completes its review process, subject to market and other conditions. Ceridian will apply to list its common stock on the New York Stock Exchange and on the Toronto Stock Exchange. Securities in Ceridian may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

On March 13, 2018, Cannae entered into an Assignment and Assumption Agreement with ABRH's lenders to purchase all of the outstanding loans and lending commitments under the ABRH Credit Facility, as defined in Note K. *Notes Payable* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report, which resulted in Cannae becoming ABRH's sole lender. Subsequent to the assignment, Cannae and ABRH entered into a Second Amendment to the Credit Agreement, as defined in Note K. *Notes Payable* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report, to increase the interest rate to 10%, suspend the financial covenants until March 31, 2019 and require ABRH to pay to Cannae an amendment fee equal to 2% of the outstanding loan balance.

On March 12, 2018, Cannae Holdings and Newport Global Opportunities Fund I-AAIV ("Newport Global") signed a non-binding letter of intent pursuant to which American Blue Ribbon Holdings intends to distribute 95% of its family dining group and Legendary Baking to Newport Global in 100% redemption of Newport Global’s interest in American Blue Ribbon Holdings. This proposed transaction would leave Cannae with approximately 94% of the interest in O’Charley’s and 99 Restaurants, LLC, a wholly-owned subsidiary of FNH ("99 Restaurants"), along with an approximately 5% interest in the family dining group and Legendary Baking.

On February 1, 2018, Cannae Holdings, LLC (“Cannae LLC”), a Delaware limited liability company and a subsidiary of the Company, Fidelity Newport Holdings, LLC, a Delaware limited liability company and a majority-owned subsidiary of Cannae LLC (“FNH” and, together with Cannae LLC, the “Sellers”), 99 Restaurants, J. Alexander’s Holdings, Inc., a Tennessee corporation (“JAX”), J. Alexander’s Holdings, LLC, a Delaware limited liability company and direct, majority-owned subsidiary of JAX (“JAX OP”) and Nitro Merger Sub, Inc., a Tennessee corporation and wholly-owned subsidiary of JAX OP (“Merger Sub”) entered into a letter agreement to terminate their previously reported Agreement and Plan of Merger, dated as of August 3, 2017, by and among the Sellers, 99 Restaurants, JAX, JAX OP and Merger Sub (as amended on January 30, 2018, the “Merger Agreement”), pursuant to Section 9.1(b)(iii) thereof. The parties reached this decision following the conclusion of a special meeting of the shareholders of JAX held on February 1, 2018.

On January 29, 2018, the Board of Directors of the Company adopted a resolution increasing the size of the Company’s Board of Directors to six, and elected James B. Stallings, Jr. to serve on our Board of Directors. Mr. Stallings was appointed to serve as Chairman of the Audit Committee of the Company.

On November 17, 2017, Mr. Frank P. Willey was appointed to the Company’s Board of Directors.

On November 17, 2017, a special meeting of the FNFV Group stockholders was held to approve the Split-Off. The Split-Off was approved by a majority of the stockholders and was completed on November 17, 2017. As a result, Cannae is now a separate public company listed under the ticker symbol CNNE on The New York Stock Exchange.

On November 16, 2017, certain subsidiaries of FNF contributed an aggregate of $100.0 million to us (the "FNF Investment") in exchange for 5,706,134 shares of Cannae common stock. In addition, on November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million (the "FNF Revolver"), which accrues interest at LIBOR plus 450 basis points and matures on the five-year anniversary of the date of the revolver note. The maturity date is automatically extended for additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion. The FNF Revolver replaces the Revolver Note discussed in Note K *Notes Payable* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report.

On October 16, 2017, Fidelity National Financial Ventures LLC ("FNFV LLC"), a wholly-owned subsidiary of the Company, completed a merger pursuant to an Agreement and Plan of Merger (the ‘‘T-System Merger Agreement’’) with Project F Merger Sub LLC, a Delaware limited liability company and a wholly-owned subsidiary of FNFV LLC (‘‘T-System Merger Sub’’), T-

System Holding LLC, a Delaware limited liability company (‘‘T-System’’), and Francisco Partners II, L.P., a Delaware limited partnership, providing for the acquisition of T-System by FNFV LLC pursuant to the proposed merger (the ‘‘T-System Merger’’) of T-System with and into T- System Merger Sub, which resulted in T-System continuing as the surviving entity and wholly-owned subsidiary of FNFV LLC.

As a result of the T-System Merger, all of the outstanding securities of T-System were canceled, extinguished and converted into the right to receive a portion of the aggregate merger consideration in accordance with the terms of the T-System Merger Agreement. The aggregate merger consideration was equal to $202.9 million, in cash.

On June 6, 2017, we closed on the sale of Digital Insurance, Inc. ("OneDigital") for $560.0 million in an all-cash transaction. After repayment of debt, payout to option holders and a minority equity investor and other transaction related payments, the Company received $331.4 million from the sale, which includes $326.0 million in cash and $5.4 million in purchase price holdback receivable. We recognized a pre-tax gain of $276.0 million on the sale and $126.3 million in income tax expense which are included in Net earnings from discontinued operations on the Consolidated and Combined Statement of Operations for the year ended December 31, 2017. Income tax expense resulting from the gain was recorded as a discrete tax expense for the three months ended June 30, 2017 and included a permanent tax adjustment for nondeductible goodwill. We retained no ownership in OneDigital and have no continuing involvement with OneDigital as of the date of the sale.

As a result of the sale of OneDigital we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated and Combined Balance Sheet as of December 31, 2016. Further, the financial results of OneDigital have been reclassified to discontinued operations for all periods presented in our Consolidated and Combined Statements of Operations. See Note N *Discontinued Operations* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for further details of the results of OneDigital.

Acquisitions and Dispositions

The results of operations and financial position of the entities acquired during any year are included in the Consolidated and Combined Financial Statements from and after the date of acquisition. In the years ended December 31, 2017, 2016 and 2015, we have made several acquisitions and dispositions of businesses. See Note B *Acquisitions and Dispositions* of our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for further discussion.

Related Party Transactions

Our financial statements for all years presented reflect transactions with FNF. See Note R *Related Party Transactions* of our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for further discussion.

Business Trends and Conditions

Restaurant Group

The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. Higher labor costs due to state and local minimum wage increases and shopping pattern shifts to e-commerce and “ready to eat” grocery and convenience stores have had a negative impact on restaurant performance, particularly in the casual and family dining restaurants in which the company operates.

The restaurant industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.

Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

Ceridian

Over the last several years, a number of factors have significantly affected Ceridian’s results of operations, including its capital restructuring resulting from the initial acquisition by Thomas H. Lee Partners, L.P., a Delaware limited partnership ("THL") and FNFV LLC of all of the outstanding equity of the Ceridian entities that was completed on November 9, 2007 (such acquisition, the "2007 Merger"), and related interest expense, accounting and purchase price allocations from the 2007 Merger, acquisition in 2012 of the Dayforce legal entities, and Ceridian’s corporate restructuring following the 2013 separation of Ceridian HCM and Comdata. Other factors that have affected Ceridian’s results of operations over the last several years include the levels of customer trust funds held, transaction volumes, price increases, foreign currency exchange rates, interest rates (including interest earned on customer trust funds and interest expense on debt), customer employment levels, and Ceridian's cost savings initiatives. Ceridian is subject to the risks arising from adverse changes in domestic and global economic conditions. Historically low interest rates continue to adversely affect Ceridian's business, having a negative impact on the interest income generated from funds held in trust for customers. Ceridian believes all of such factors may continue to significantly affect its results of operations.

T-System

The healthcare industry is impacted by several factors that can impact the business landscape in which T-System operates. In the past several years health care providers have shown a preference for single IT platforms across all venues. During this same time, there has been a push for interoperability across different healthcare IT systems due to the likelihood that a single patient will have medical information from multiple health care facilities or providers. Healthcare IT systems continue to face rising costs from factors such as legislative and regulatory reform, complex reimbursement models, and difficulties in electronic data exchange. These factors may continue to impact the results of T-System’s operations.

Critical Accounting Estimates

The accounting estimates described below are those we consider critical in preparing our Consolidated and Combined Financial Statements. Management is required to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures with respect to contingent assets and liabilities at the date of the Consolidated and Combined Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. See Note A of the Notes to Consolidated and Combined Financial Statements for additional description of the significant accounting policies that have been followed in preparing our Consolidated and Combined Financial Statements.

Valuation of Goodwill. Goodwill represents the excess of cost over fair value of identifiable net assets acquired and assumed in a business combination. Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if circumstances indicate potential impairment, through a comparison of fair value to the carrying amount. In evaluating the recoverability of goodwill, we perform an annual goodwill impairment analysis. We have the option to first assess goodwill for impairment based on a review of qualitative factors to determine if events and circumstances exist which will lead to a determination that the fair value of a reporting unit is greater than its carrying amount, prior to performing a full fair-value assessment. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if the Company concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any.

We completed annual goodwill impairment analyses in the fourth quarter of each respective year using a September 30 measurement date and as a result no goodwill impairments have been recorded. For the years ended December 31, 2017, 2016, and 2015, we determined that there were no events or circumstances which indicated that the carrying value exceeded the fair value.

*Valuation of Other Intangible Assets.*We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts, trademarks and tradenames which are generally recorded in connection with acquisitions at their fair value, franchise rights, the fair value of purchased software and capitalized software development costs. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives using an accelerated method which takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their respective contractual lives. Trademarks are generally considered intangible assets with indefinite lives and are reviewed for impairment at least annually. Capitalized software development costs and purchased software are recorded at cost and amortized using the straight-line method over their estimated useful life. Useful lives of computer software range from 3 to 10 years. We also assess the recorded value of computer software for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software asset. There is an inherent uncertainty in determining the expected useful life of or cash flows to be generated from computer software.

We recorded $2.9 million of impairment expense related to a tradename in our Restaurant Group in the year ended December 31, 2017. We recorded $1.1 million in impairment expense to an abandoned software project in our Restaurant Group segment during the year ended December 31, 2015. We recorded no impairment expense related to other intangible assets in the year ended December 31, 2016.

Investment in Ceridian. Our investment in Ceridian is accounted for using the equity method of accounting as we have the ability to exercise significant influence, but not control, over Ceridian. The carrying amount of a company accounted for using the equity method is adjusted quarterly by any change in its equity, including its historical earnings and losses, corresponding to our percentage interest in the company. We evaluate Ceridian quarterly for impairment to determine if circumstances indicate that we may not be able to recover the carrying value. We review recent revenue and earnings trends, and cash flows and discuss relevant impairment risk factors with Ceridian Management. For the years ended December 31, 2017, 2016 and 2015, we determined that there were no events or circumstances which indicated that the carrying value exceeded the fair value.

Accounting for Income Taxes. We recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and expected benefits of utilizing net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The impact of changes in tax rates and laws on deferred taxes, if any, is applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period enacted.

Refer to Note L *Income Taxes* of our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report for further discussion of the enactment of the Tax Cuts and Jobs Act ("Tax Reform") in December 2017 and the related impact on our accounting for income taxes.

Revenue Recognition.

Restaurant Group. Restaurant revenue on the Consolidated and Combined Statements of Operations consists of restaurant sales, bakery operations, and to a lesser extent, franchise revenue and other revenue. Restaurant sales include food and beverage sales and are net of applicable state and local sales taxes and discounts. Revenue from bakery operations is recognized in the period during which the products are shipped to the customer. Franchise revenue and other revenue consist of development fees and royalties on sales by franchised units. Initial franchise fees are recognized as income upon commencement of the franchise operation and completion of all material services and conditions by the Company. Royalties are calculated as a percentage of the franchisee sales and recognized in the period in which the sales are generated. Revenue resulting from the sale of gift cards is recognized in the period in which the gift card is redeemed and is recorded as deferred revenue until recognized.

Cost of restaurant revenue on the Consolidated and Combined Statements of Operations consists of direct costs associated with restaurant revenue. We receive vendor rebates from various nonalcoholic beverage suppliers, and to a lesser extent, suppliers of food products and supplies. Rebates are recognized as reductions to cost of food and beverage in the period in which they are earned.

T-System. T-System recognizes revenue when delivery has occurred, persuasive evidence of an arrangement exists, fees are fixed or determinable and collection is deemed probable. With respect to long-term licensing agreements, T-System recognizes only the portion of revenue that is earned during the current year with the remainder of the fee deferred to subsequent years. Revenues are recorded net of any sales taxes charged to customers.

T-System sells paper medical documentation templates to emergency care providers to be used for documentation of patient care on a fixed fee determined by a pricing sheet based on annual billable patient visits. Licenses are sold through one-time perpetual license fee arrangements and recurring fixed-term or subscription fee arrangements. Delivery is determined at the time the templates are provided to the customer and the customer's personnel has been trained. The license fee is billed and recognized upfront for onetime perpetual licenses and monthly for recurring fixed-term or subscription licenses after delivery has occurred. For customers that pay the license fee in advance for the full term of the contract, revenue is recognized ratably over the term of such contract.

T-System also sells an electronic version of the medical documentation system, provided in the form of a non-exclusive license to use the software at the sites under the agreement. The Company sells software licenses through one-time perpetual license fee arrangements and recurring fixed-term or subscription fee arrangements. For software licensing arrangements including multiple elements, each element of the arrangement is separately identified and accounted for based on vendor specific objective evidence ("VSOE") of stand-alone value of such element. Revenue is not recognized on any element in a software arrangement if the undelivered elements lack VSOE of stand-alone value. When the only undelivered element is post-contract support ("PCS") and PCS has VSOE, revenue is recognized ratably over the PCS term.

Corporate and Other. Other operating revenue on the Consolidated and Combined Statements of Operations also consists of income generated by our resort operations which includes sales of real estate, lodging rentals, food and beverage sales, and other income from various resort services offered.

Certain Factors Affecting Comparability

Year ended December 31, 2017. On October 16, 2017, we completed the T-System Merger. The results of operation of T-System subsequent to the T-System Merger are included in the T-System segment.

On June 6, 2017, we closed on the sale of OneDigital for $560.0 million in an all-cash transaction. As a result of the sale of OneDigital, we have reclassified the financial results of OneDigital to discontinued operations for all periods presented in our Consolidated and Combined Statements of Operations.

See Note A *Business and Summary of Significant Accounting Policies* to our Consolidated and Combined Financial Statements for discussion of immaterial corrections of errors affecting the years ended December 31, 2016 and 2015.

Year ended December 31, 2015. On September 28, 2015 FNF distributed all of its shares of J. Alexander's to the holders of FNFV common stock. As a result of this distribution, the results of operations for the year-ended December 31, 2015 include the results from J. Alexander's through the date of the distribution.

Results of Operations

Consolidated Results of Operations

Net earnings. The following table presents certain financial data for the years indicated:

	Year ended December 31,		
	2017	2016	2015
	(In millions)		
Revenues:			
Restaurant revenue	$ 1,129.0	$ 1,157.6	$ 1,412.3
Other operating revenue	40.5	20.8	2.4
Total operating revenues	1,169.5	1,178.4	1,414.7
Operating expenses:			
Cost of restaurant revenue	991.0	984.1	1,195.2
Personnel costs	103.2	68.3	85.4
Depreciation and amortization	49.3	44.7	49.8
Other operating expenses	104.4	83.5	96.4
Total operating expenses	1,247.9	1,180.6	1,426.8
Operating loss	(78.4)	(2.2)	(12.1)
Other income (expense):			
Interest and investment income	5.3	3.3	2.0
Interest expense	(7.0)	(5.2)	(5.5)
Realized gains, net	4.9	9.3	11.8
Total other income	3.2	7.4	8.3
(Loss) earnings from continuing operations before income taxes and equity in earnings (losses) of unconsolidated affiliates	(75.2)	5.2	(3.8)
Income tax benefit	(16.6)	(10.4)	(19.7)
(Loss) earnings from continuing operations before equity in earnings (losses) of unconsolidated affiliates	(58.6)	15.6	15.9
Equity in earnings (losses) of unconsolidated affiliates	3.4	(29.5)	(26.0)
Loss from continuing operations	(55.2)	(13.9)	(10.1)
Net earnings from discontinued operations, net of tax	147.7	2.0	2.8
Net earnings (loss)	92.5	(11.9)	(7.3)
Less: Net (loss) earnings attributable to non-controlling interests	(16.3)	0.5	15.6
Net earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 108.8	$ (12.4)	$ (22.9)

Revenues

Total revenue in 2017 decreased $8.9 million compared to 2016, primarily due to a decrease in revenue in our Restaurant Group segment, partially offset by an increase in revenue in our Corporate and Other segment. Total revenue in 2016 decreased $236.3 million compared to 2015, primarily due to a decrease in revenue in our Restaurant Group segment and our Corporate and Other segment.

Expenses

Our operating expenses consist primarily of personnel costs, cost of restaurant revenue, other operating expenses, and depreciation and amortization.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs that are directly attributable to the operations of the Restaurant Group are included in Cost of restaurant revenue.

Cost of restaurant revenue includes cost of food and beverage, primarily the costs of beef, groceries, produce, seafood, poultry and alcoholic and non-alcoholic beverages, net of vendor discounts and rebates, payroll and related costs and expenses directly relating to restaurant level activities, and restaurant operating costs including occupancy and other operating expenses at the restaurant level.

Other operating expenses include professional fees, advertising costs and travel expenses.

Depreciation and amortization expense consists of our depreciation related to investments in property and equipment as well as amortization of intangible assets.

The change in expenses from our segments is discussed in further detail at the segment level below.

Income tax benefit on continuing operations was $16.6 million, $10.4 million, and $19.7 million for the years ended December 31, 2017, 2016, and 2015, respectively. The effective tax rate for the years ended December 31, 2017, 2016, and 2015 was 22.0%, (204.3)%, and 512.5%, respectively. The increase in the effective tax rate in 2017 from 2016 is primarily attributable to increased net earnings and decreased losses from unconsolidated affiliates in 2017 from 2016. The decrease in the effective tax rate in 2016 from 2015 is primarily attributable to the effect of equity investment losses and lower pretax income in 2015. The fluctuation in income tax benefit as a percentage of earnings from continuing operations before income taxes is attributable to our estimate of ultimate income tax liability and changes in the characteristics of net earnings year to year, such as the weighting of operating income versus investment income.

For a detailed breakout of our effective tax rate, see Note L. *Income Taxes* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report.

Other

Net realized gains totaled $4.9 million, $9.3 million, and $11.8 million for the years ended December 31, 2017, 2016, and 2015, respectively. The net realized gain for the year ended December 31, 2017 is primarily attributable to the sale of equity securities available for sale. The net realized gain for the year ended December 31, 2016 primarily includes a net realized gain of $15.0 million on the sale of our 15% ownership interest in Stillwater Insurance ("Stillwater"), a property and casualty insurance company sold during the second quarter of 2016 for proceeds of $36 million. The gain was offset by net realized losses of $2.5 million on the sale of the Max & Erma's restaurant concept by our Restaurant Group, and net realized losses of $3.0 million on impairment of a cost method investment in our Corporate and Other segment. The net realized gain for the year ended December 31, 2015 is primarily related to the $12.2 million gain on sale of Cascades Timberlands, offset by miscellaneous losses.

Equity in earnings (losses) of unconsolidated affiliates was $3.4 million, $(29.5) million, and $(26.0) million for the years ended December 31, 2017, 2016, and 2015, respectively, and consisted of our equity in the net loss of Ceridian and other investments in unconsolidated affiliates. The decrease in equity in loss of unconsolidated affiliates is primarily attributable to decreased losses at Ceridian.

Net Earnings

Net earnings attributable to Cannae increased $121.2 million in the year ended December 31, 2017, compared to the 2016 period. The increase consisted of a $140.1 million increase in earnings in our Corporate and Other segment and $1.5 million in net earnings from T-System, acquired in the fourth quarter of 2017, partially offset by a $20.4 million increased loss at our Restaurant Group. Total net loss attributable to Cannae decreased $10.5 million in the year ended December 31, 2016, compared to the 2015 period. The decrease consisted of a $6.0 million decreased earnings at Restaurant Group offset by $16.5 million decreased loss at Corporate and Other.

The change in revenue and net earnings from the segments is discussed in further detail at the segment level below.

Segment Results of Operations

Restaurant Group

The results of operations for the Restaurant Group for the year ended December 31, 2015 include the results of J. Alexander's through September 28, 2015, the date it was distributed to common shareholders of FNFV.

The following table presents the results from operations of our Restaurant Group segment:

	Year ended December 31,		
	2017	**2016**	**2015**
		(In millions)	
Revenues:			
Restaurant revenue	$ 1,129.0	$ 1,157.6	$ 1,412.3
Operating expenses:			
Cost of restaurant revenue	991.0	984.1	1,195.2
Personnel costs	52.8	52.9	65.1
Depreciation and amortization	43.6	42.4	48.9
Other operating expenses	71.1	70.2	89.1
Total operating expenses	1,158.5	1,149.6	1,398.3
Operating (loss) income	(29.5)	8.0	14.0
Other expense:			
Interest expense	(6.6)	(4.7)	(5.9)
Realized losses, net	—	(2.5)	(0.5)
Total other expense	(6.6)	(7.2)	(6.4)
(Loss) earnings from continuing operations before income taxes and equity in losses of unconsolidated affiliates	(36.1)	0.8	7.6

Total revenues for the Restaurant Group segment decreased $28.6 million, or 2.5% in the year ended December 31, 2017 from the 2016 period. The decrease is primarily attributable to a $17.3 million, or 1.6%, decrease in consolidated comparable store sales, a decrease of $8.4 million related to the inclusion of revenue from the Max & Erma's restaurant concept in the 2016 period, a $5.2 million decrease from the net effect of new and closed restaurants, and a $4.5 million decrease related to timing of store days, partially offset by a $7.1 million increase in third-party bakery operation sales. Total revenues for the Restaurant Group segment decreased $254.7 million, or 18.0% in the year ended December 31, 2016 from the 2015 period primarily due to the distribution of J. Alexander's on September 28, 2015 which resulted in a $158.5 million decrease, decreased comparable store sales primarily at O'Charley's which resulted in a decrease of $25.2 million, and the sale of the Max & Erma's restaurant concept on January 25, 2016 which resulted in a decrease of $70.9 million.

Personnel costs decreased by $0.1 million or 0.2% in the year ended December 31, 2017 from the 2016 period. Personnel costs decreased by $12.2 million or 18.7% in the year ended December 31, 2016 from the 2015 period primarily due to the distribution of J. Alexander's.

Other operating expenses increased by $0.9 million or 1.3% in the year ended December 31, 2017 from the 2016 period. Other operating expenses decreased by $18.9 million or 21.2% in the year ended December 31, 2016 from the 2015 period. The decrease was primarily attributable to the distribution of J. Alexander's which resulted in a decrease of $10.1 million and reduced operating expense at ABRH corporate of $2.1 million.

Cost of restaurant revenue increased $6.9 million or 0.7% in the year ended December 31, 2017 from the 2016 period. Cost of restaurant revenue decreased $211.1 million or 17.7% in the year ended December 31, 2016 from the 2015 period. Cost of restaurant revenue as a percentage of restaurant revenue were approximately 87.8%, 85.0%, and 84.6% in the years ended December 31, 2017, 2016 and 2015, respectively. The increase in cost of restaurant revenue as a percentage of restaurant revenue in the 2017 period from the comparable 2016 period was primarily driven by reduced operating leverage associated with lower same store sales, increased hourly labor costs, and an increase in value promotions offered in the 2017 periods.

(Loss) earnings from continuing operations before income taxes decreased $36.9 million in the year ended December 31, 2017 from the 2016 period. Earnings from continuing operations before income taxes decreased $6.8 million in the year ended December 31, 2016 from the 2015 period.

Comparable Store Sales. One method we use in evaluating the performance of our restaurants is to compare sales results for restaurants period over period. We include a restaurant in our comparable store sales figures starting in the first period following

a new restaurant's first seventy-eight weeks of operations. Changes in comparable store sales reflect changes in sales for the comparable store group of restaurants over a specified period of time. This measure highlights the performance of existing restaurants, as the impact of new restaurant openings is excluded. Comparable store sales for our Restaurant Group decreased 1.6% and 2.6 % in the years ended December 31, 2017 and 2016, respectively, from the prior fiscal years. The decreases were primarily attributable to decreased comparable store sales at ABRH's O'Charley's, Village Inn, and Baker's Square brands, partially offset by an increase in comparable store sales at 99 Restaurants.

Ceridian

We own a 33% economic interest in Ceridian, which operates through its subsidiary Ceridian HCM. Ceridian HCM is a global company that offers a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance and work-life programs, and recruitment and applicant screening. Its technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue. Its operations are primarily located in the U.S. and Canada. Ceridian HCM's business has transformed from a legacy service-bureau model into a cloud-based provider model, and in the second half of 2016, Cloud revenue surpassed bureau revenue for the first time. Ceridian HCM's flagship cloud platform, Dayforce, is a cloud solution that meets HCM needs with one employee record and one user experience throughout the application. Built on a single database, Dayforce enables organizations to process payroll, maintain human resources records, manage benefits enrollment, schedule staff, and find and hire the right people, while monitoring compliance throughout the employee life cycle. Ceridian is a founder-led organization, and the culture combines the agility and innovation of a start-up with a history of deep domain and operational expertise. We account for our investment in Ceridian under the equity method of accounting and therefore its results of operations do not consolidate into ours.

See the audited financial statements of Ceridian Holding, LLC, the ultimate parent of Ceridian HCM, at Exhibit 99.1 to this Annual Report.

T-System

We acquired T-System on October 16, 2017. The following table presents the results from operations of our T-System segment since it was acquired:

	Year ended December 31, 2017 (In millions)
Revenues:	
Other operating revenue	$ 12.9
Total operating revenues	12.9
Operating expenses:	
Personnel costs	7.6
Depreciation and amortization	3.1
Other operating expenses	3.1
Total operating expenses	13.8
Operating loss	(0.9)
Loss from continuing operations before income taxes and equity in losses of unconsolidated affiliates	$ (0.9)

Corporate and Other

The Corporate and Other segment consists of certain other unallocated corporate overhead expenses, and other smaller investments.

The Corporate and Other segment generated revenues of $27.6 million, $20.8 million, and $2.3 million for the years ended December 31, 2017, 2016, and 2015, respectively. Revenues increased $6.8 million in 2017 compared to 2016 primarily due to growth in sales of real estate at FNTR. Revenues increased $18.5 million in 2016 compared to 2015 primarily due to the acquisition of Brasada Club, LLC ("Brasada").

Personnel costs were $42.8 million, $15.4 million, and $20.3 million in the years ended December 31, 2017, 2016, and 2015, respectively. The increase in 2017 from 2016 is primarily attributable to Investment Success Incentive Program bonuses associated with the sale of OneDigital.

Other operating expenses for the Corporate and Other segment were $30.2 million, $13.3 million, and $7.2 million in the years ended December 31, 2017, 2016 and 2015, respectively. The increase in the 2017 period from the 2016 period is primarily

attributable to increased cost at our real estate subsidiaries and costs associated with our separation from FNF. The increase in the 2016 period from the 2015 period is primarily attributable to acquisition costs and operating costs at Brasada.

This segment generated (losses) earnings from continuing operations before income taxes of $(38.2) million, $4.4 million, and $(11.4) million for the years ended December 31, 2017, 2016, and 2015, respectively. The change in earnings is attributable to the aforementioned changes in revenues and expenses.

Discontinued Operations

As a result of the sale of OneDigital, the financial results of OneDigital have been reclassified to discontinued operations for the twelve months ended December 31, 2017, 2016, and 2015. Earnings from discontinued operations were $147.7 million, $2.0 million, and $2.8 million for the years ended December 31, 2017, 2016 and 2015 respectively. The increase in 2017 compared to 2016 and 2015 was primarily attributable to the after-tax gain of $149.7 million on the sale of OneDigital.

Liquidity and Capital Resources

Cash Requirements. Our current cash requirements include personnel costs, operating expenses, taxes, payments of interest and principal on our debt, capital expenditures, business acquisitions, and stock repurchases. There are no restrictions on our retained earnings regarding our ability to pay dividends to stockholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as a result of provisions in certain debt agreements. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

We continually assess our capital allocation strategy, including decisions relating to reducing debt, repurchasing our stock, and/or conserving cash. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, cash dividends from subsidiaries, cash generated by investment securities, potential sales of non-strategic assets, and borrowings on existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the needs of all of our subsidiaries and periodically review their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying such forecasts.

We are focused on evaluating our assets and investments as potential vehicles for creating liquidity. Our intent is to use that liquidity for general corporate purposes, including, potentially reducing debt, repurchasing shares of our stock, other strategic initiatives and/or conserving cash.

Operating Cash Flows. Our cash flows (used in) provided by operations for the years ended December 31, 2017, 2016, and 2015 were $(90.7) million, $60.3 million and $11.1 million, respectively. The decrease in cash provided by operations of $151.0 million from 2017 to 2016 is primarily attributable to increased payments for income taxes in the current year which primarily related to the sale of OneDigital. The proceeds from the sale of OneDigital were recorded as an investing cash flow. The increase in cash provided by operations of $49.2 million from 2016 to 2015 is primarily attributable to lower income taxes payments.

Investing Cash Flows. Our cash flows provided by (used in) investing activities for the years ended December 31, 2017, 2016, and 2015 were $91.7 million, $(168.2) million and $273.1 million, respectively. The increase in cash provided by (decrease in cash used in) investing activities of $259.9 million from 2017 to 2016 is primarily attributable to proceeds of $326.0 million from the sale of OneDigital, decreased investments in unconsolidated affiliates of $67.2 million, and lower spending on other investments in the 2017 period, offset by increased cash used for acquisitions of businesses, primarily T-System, in the 2017 period. The decrease in cash provided by (increase in cash used in) investing activities of $441.3 million from 2016 to 2015 is primarily attributable to increased cash paid for acquisitions of $51.1 million, decreased distributions from unconsolidated affiliates, primarily Ceridian, of $273.3 million, decreased proceeds from sales of investments of $46.2 million, and increased cash invested in unconsolidated affiliates of $64.1 million.

Capital Expenditures. Total capital expenditures for property and equipment and other intangible assets were $40.1 million, $55.2 million and $60.5 million for the years ended December 31, 2017, 2016, and 2015, respectively. Capital expenditures in the 2017 period primarily consist of purchases of property, equipment and software in our Restaurant Group segment. The decrease in expenditures in the 2017 period from the 2016 period is primarily attributable to the sale of OneDigital. The decrease in the 2016 period from the 2015 period is reflective of an increase at our former OneDigital segment and Corporate and Other segment, offset by a decrease at our Restaurant Group segment driven by the spin-off of J. Alexander's in 2015.

Financing Cash Flows. Our cash flows provided by (used in) financing activities for the years ended December 31, 2017, 2016, and 2015 were $98.2 million, $(20.8) million and $(212.5) million, respectively. The increase in cash provided by (decrease in cash used in) financing activities of $119.0 million from 2017 to 2016 is primarily attributable to the $100 million FNF Investment and an increase in net borrowings (net of debt service payments). The increase in cash provided by (decrease in cash used in) financing activities of $191.7 million from 2016 to 2015 is primarily attributable to a decrease in borrowings of $55.3 million, an increase in debt principal payments of $13.5 million, payments of $24.5 million to minority investors in the 2015 period, and

decreased cash outflow of $233.7 million related to equity transactions with FNF which is primarily attributable to repurchases of FNFV Group common stock by FNF.

Financing Arrangements. In our Restaurant Group, financing arrangements are used both as part of our overall capitalization structure as well as to fund purchases of seasonal inventory in advance of sales. For a description of our historical financing arrangements see Note K *Notes Payable* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report.

On November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million (the "FNF Revolver"), which accrues interest at LIBOR plus 450 basis points and matures on the five-year anniversary of the date of the revolver note. The maturity date is automatically extended for additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion.

ABRH was not in compliance with certain financial covenants of the ABRH Credit Facility as of December 31, 2017 and, accordingly, all outstanding borrowings under such facility were classified as current on our Consolidated and Combined Balance Sheets. On March 13, 2018, Cannae entered into an Assignment and Assumption Agreement with certain of ABRH's lenders to purchase all of the outstanding loans and lending commitments under the ABRH Credit Facility, which resulted in Cannae becoming ABRH's sole lender. Subsequent to the assignment, Cannae and ABRH entered into a Second Amendment to the Credit Agreement to increase the interest rate to 10%, suspend the financial covenants until March 31, 2019 and require ABRH to pay to Cannae an amendment fee equal to 2% of the outstanding loan balance.

Contractual Obligations. Unconditional purchase obligations include agreements to purchase goods or services that are enforceable, are legally binding and specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions, and the approximate timing of the transaction. The Restaurant Group has unconditional purchase obligations with various vendors, primarily related to food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. Future purchase obligations are estimated by assuming historical purchase activity over the remaining, non-cancellable terms of the various agreements. For agreements with minimum purchase obligations, at least the minimum amounts we are legally required to purchase are included. These agreements do not include fixed delivery terms. We used both historical and projected volume and pricing as of December 31, 2017 to determine the amount of the obligations.

As of December 31, 2017, our required annual payments relating to these contractual obligations were as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
Notes payable	$ 124.3	$ —	$ —	$ —	$ —	$ 11.5	$ 135.8
Operating lease payments	61.7	57.0	50.6	43.5	32.5	131.5	376.8
Unconditional purchase obligations	220.3	26.2	17.0	4.4	3.3	—	271.2
Total	$ 406.3	$ 83.2	$ 67.6	$ 47.9	$ 35.8	$ 143.0	$ 783.8

Capital Stock Transactions. On November 17, 2017, FNF completed the previously announced Split-Off of its FNFV Group and redeemed each outstanding share of its FNFV Group common stock, par value $0.0001, for one share of common stock, par value $0.0001, of Cannae (NYSE: CNNE), with cash in lieu of fractional shares. As of November 17, 2017, FNF and Cannae are separate publicly traded companies.

On November 16, 2017, certain subsidiaries of FNF contributed an aggregate of $100.0 million to us in exchange for 5,706,134 shares of Cannae common stock.

Equity Security Investments. Subsequent to December 31, 2017, we sold the remainder of our equity securities holdings for gross proceeds of $17.7 million resulting in net realized gains of $0.1 million.

Off-Balance Sheet Arrangements. We do not engage in off-balance sheet activities other than facility and equipment operating leasing arrangements.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note S. *Recent Accounting Pronouncements* to our Consolidated and Combined Financial Statements included in Item 8 of Part II of this Annual Report.

Item 7A. *Quantitative and Qualitative Disclosure about Market Risk*

Commodity Price Risk

We are exposed to market price fluctuations in beef, seafood, produce and other food product prices. Given the historical volatility of beef, seafood, produce and other food product prices, these fluctuations can materially impact the food and beverage costs incurred in our Restaurant Group segment. While ABRH has taken steps to qualify multiple suppliers who meet our standards as suppliers for our restaurants and have entered into agreements with suppliers for some of the commodities used in our restaurant operations, there can be no assurance that future supplies and costs for such commodities will not fluctuate due to weather and other market conditions outside of our control. Consequently, such commodities can be subject to unforeseen supply and cost fluctuations. Dairy costs can also fluctuate due to government regulation. Because we typically set our menu prices in advance of our food product prices, our menu prices cannot immediately take into account changing costs of food items. To the extent that we are unable to pass the increased costs on to our guests through price increases, our results of operations would be adversely affected. We do not use financial instruments to hedge our risk to market price fluctuations in beef, seafood, produce and other food product prices at this time.

Item 8. ***Financial Statements and Supplementary Data***

CANNAE HOLDINGS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors
Cannae Holdings, Inc.
Las Vegas, Nevada

Opinion on the Financial Statements

We have audited the accompanying consolidated and combined balance sheets of Cannae Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated and combined statements of operations, comprehensive earnings (loss), equity, and cash flows for each of the two years in the period ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We did not audit the consolidated financial statements of Ceridian Holding LLC, the Company's investment in which is accounted for by use of the equity method. The accompanying financial statements of the Company include its equity investment in Ceridian Holding LLC of $324.9 million and $316.9 million as of December 31, 2017 and 2016, respectively, and its equity in earnings (losses) in Ceridian Holding LLC of $1.9 million and ($29.1) million for the years ended December 31, 2017 and 2016, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ceridian Holding LLC, is based solely on the report of the other auditors.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 26, 2018

We have served as the Company’s auditor since 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Fidelity National Financial, Inc.:

We have audited the accompanying combined statement of operations, comprehensive loss, equity, and cash flows of Fidelity National Financial Ventures Operations for the year ended December 31, 2015. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Fidelity National Financial Ventures Operations for the year ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG, LLP

Jacksonville, Florida
May 11, 2017, except for Notes A and N,
as to which the date is August 21, 2017
Certified Public Accountants

CANNAE HOLDINGS, INC.
CONSOLIDATED AND COMBINED BALANCE SHEETS

	December 31, 2017	December 31, 2016
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 245.6	$ 141.7
Trade receivables	35.8	24.7
Inventory	29.7	23.9
Equity securities available for sale, at fair value	17.7	51.8
Prepaid expenses and other current assets	21.4	8.7
Current assets of discontinued operations	—	21.8
Total current assets	350.2	272.6
Investments in unconsolidated affiliates	424.9	401.0
Property and equipment, net	218.8	235.0
Other intangible assets, net	214.5	111.8
Goodwill	202.7	103.1
Fixed maturity securities available for sale, at fair value	14.8	25.0
Deferred tax asset	10.6	33.1
Other long term investments and noncurrent assets	50.7	49.8
Noncurrent assets of discontinued operations	—	241.9
Total assets	$ 1,487.2	$ 1,473.3
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities, current	$ 100.7	$ 91.5
Income taxes payable	0.8	—
Deferred revenue, current	26.1	24.7
Notes payable, current	122.2	11.4
Current liabilities of discontinued operations	—	31.9
Total current liabilities	249.8	159.5
Deferred revenue, long-term	9.1	—
Notes payable, long-term	12.7	93.3
Accounts payable and other accrued liabilities, long-term	62.5	60.6
Noncurrent liabilities of discontinued operations	—	150.1
Total liabilities	334.1	463.5
Commitments and contingencies - see Note M		
Equity:		
Retained earnings	0.2	—
Additional paid-in capital	1,130.2	—
Parent investment in FNFV	—	961.6
Accumulated other comprehensive loss	(71.0)	(68.1)
Total Cannae shareholders' equity	1,059.4	893.5
Noncontrolling interests	93.7	116.3
Total equity	1,153.1	1,009.8
Total liabilities and equity	$ 1,487.2	$ 1,473.3

See Notes to Consolidated and Combined Financial Statements

CANNAE HOLDINGS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2017	2016	2015
		(in millions)	
Revenues:			
Restaurant revenue	$ 1,129.0	$ 1,157.6	$ 1,412.3
Other operating revenue	40.5	20.8	2.4
Total operating revenues	1,169.5	1,178.4	1,414.7
Operating expenses:			
Cost of restaurant revenue	991.0	984.1	1,195.2
Personnel costs	103.2	68.3	85.4
Depreciation and amortization	49.3	44.7	49.8
Other operating expenses	104.4	83.5	96.4
Total operating expenses	1,247.9	1,180.6	1,426.8
Operating loss	(78.4)	(2.2)	(12.1)
Other income (expense):			
Interest and investment income	5.3	3.3	2.0
Interest expense	(7.0)	(5.2)	(5.5)
Realized gains, net	4.9	9.3	11.8
Total other income	3.2	7.4	8.3
(Loss) earnings from continuing operations before income taxes and equity in earnings (losses) of unconsolidated affiliates	(75.2)	5.2	(3.8)
Income tax benefit	(16.6)	(10.4)	(19.7)
(Loss) earnings from continuing operations before equity in earnings (losses) of unconsolidated affiliates	(58.6)	15.6	15.9
Equity in earnings (losses) of unconsolidated affiliates	3.4	(29.5)	(26.0)
Loss from continuing operations	(55.2)	(13.9)	(10.1)
Net earnings from discontinued operations, net of tax - see Note N	147.7	2.0	2.8
Net earnings (loss)	92.5	(11.9)	(7.3)
Less: Net (loss) earnings attributable to non-controlling interests	(16.3)	0.5	15.6
Net earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 108.8	$ (12.4)	$ (22.9)
Amounts attributable to Cannae Holdings, Inc. common shareholders			
Net loss from continuing operations attributable to Cannae Holdings, Inc. common shareholders	$ (38.7)	$ (14.3)	$ (25.7)
Net earnings from discontinued operations attributable to Cannae Holdings, Inc. common shareholders	147.5	1.9	2.8
Net earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 108.8	$ (12.4)	$ (22.9)
Earnings per share			
Basic			
Net loss per share from continuing operations	$ (0.55)	$ (0.21)	$ (0.36)
Net earnings per share from discontinued operations	2.09	0.03	0.04
Net earnings (loss) per share	$ 1.54	$ (0.18)	$ (0.32)
Diluted			
Net loss per share from continuing operations	$ (0.55)	$ (0.21)	$ (0.36)
Net earnings per share from discontinued operations	2.09	0.03	0.04
Net earnings (loss) per share	$ 1.54	$ (0.18)	$ (0.32)
Weighted average shares outstanding Cannae Holdings common stock, basic basis	70.6	70.6	70.6
Weighted average shares outstanding Cannae Holdings common stock, diluted basis	70.6	70.6	70.6

See Notes to Consolidated and Combined Financial Statements

CANNAE HOLDINGS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

	Year Ended December 31,		
	2017	2016	2015
	(in millions)		
Net earnings (loss)	$ 92.5	$ (11.9)	$ (7.3)
Other comprehensive earnings (loss), net of tax:			
Unrealized (loss) gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) (1)	(8.7)	2.6	2.3
Unrealized gain (loss) relating to investments in unconsolidated affiliates (2)	8.9	4.8	(26.7)
Reclassification adjustments for change in unrealized gains and losses included in net earnings (3)	(3.1)	—	—
Other comprehensive (loss) earnings	(2.9)	7.4	(24.4)
Comprehensive earnings (loss)	89.6	(4.5)	(31.7)
Less: Comprehensive (loss) earnings attributable to noncontrolling interests	(16.3)	0.5	15.6
Comprehensive earnings (loss) attributable to Parent	$ 105.9	$ (5.0)	$ (47.3)

(1) Net of income tax (benefit) expense of $(3.1) million, $1.6 million and $1.4 million for the years ended December 31, 2017, 2016 and 2015, respectively.

(2) Net of income tax expense (benefit) of $2.4 million, $2.9 million and $(16.3) million for the years ended December 31, 2017, 2016 and 2015, respectively.

(3) Net of income tax expense of $1.9 million for the year ended December 31, 2017.

See Notes to Consolidated and Combined Financial Statements

CANNAE HOLDINGS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY

	Common Stock		Parent Investment in FNFV	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp (Loss) Earnings	Non-controlling Interests	Total Equity
	Shares	$						
					(in millions)			
Balance, December 31, 2014	—	$ —	$ 1,397.6	$ —	$ —	$ (51.1)	$ 137.1	$ 1,483.6
Other comprehensive earnings — unrealized gain on investments and other financial instruments, net of tax	—	—	—	—	—	2.3	—	2.3
Other comprehensive earnings — unrealized loss on investments in unconsolidated affiliates, net of tax	—	—	—	—	—	(26.7)	—	(26.7)
Subsidiary stock-based compensation	—	—	—	—	—	—	1.4	1.4
Ceridian stock-based compensation	—	—	3.4	—	—	—	—	3.4
Distribution of J. Alexander's to FNFV Shareholders	—	—	—	—	—	—	(13.0)	(13.0)
Sale of Cascade Timberlands	—	—	—	—	—	—	(24.5)	(24.5)
Net change in Parent investment in FNFV	—	—	(359.7)	—	—	—	—	(359.7)
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	(3.0)	(3.0)
Net (loss) earnings	—	—	(22.9)	—	—	—	15.6	(7.3)
Balance, December 31, 2015	—	$ —	$ 1,018.4	$ —	$ —	$ (75.5)	$ 113.6	$ 1,056.5
Other comprehensive earnings — unrealized gain on investments and other financial instruments, net of tax	—	—	—	—	—	2.6	—	2.6
Other comprehensive earnings — unrealized gain on investments in unconsolidated affiliates, net of tax	—	—	—	—	—	4.8	—	4.8
Subsidiary stock-based compensation	—	—	—	—	—	—	1.2	1.2
Ceridian stock-based compensation	—	—	5.1	—	—	—	—	5.1
Acquisition of Brasada	—	—	—	—	—	—	2.0	2.0
Dissolution of consolidated subsidiary	—	—	—	—	—	—	(0.3)	(0.3)
Net change in Parent investment in FNFV	—	—	(49.5)	—	—	—	—	(49.5)
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	(0.7)	(0.7)
Net (loss) earnings	—	—	(12.4)	—	—	—	0.5	(11.9)
Balance, December 31, 2016	—	$ —	$ 961.6	$ —	$ —	$ (68.1)	$ 116.3	$ 1,009.8
Other comprehensive earnings — unrealized loss on investments and other financial instruments, net of tax	—	—	—	—	—	(8.7)	—	(8.7)
Other comprehensive earnings — unrealized gain on investments in unconsolidated affiliates, net of tax	—	—	—	—	—	8.9	—	8.9
Reclassification adjustments for unrealized gains and losses included in net earnings	—	—	—	—	—	(3.1)	—	(3.1)
Stock-based compensation	—	—	—	0.2	—	—	0.3	0.5
Issuance of restricted stock	0.3	—	—	—	—	—	—	—
Sale of OneDigital	—	—	—	—	—	—	(6.2)	(6.2)
Contribution of back office services from FNF	—	—	—	0.1	—	—	—	0.1
Ceridian stock-based compensation	—	—	—	5.7	—	—	—	5.7
Net change in Parent investment in FNFV	—	—	(46.0)	—	—	—	—	(46.0)
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	(0.4)	(0.4)
FNF investment	5.7	—	—	100.0	—	—	—	100.0
FNF contribution of FNFV	64.9	—	(1,024.2)	1,024.2	—	—	—	—
Net earnings (loss)	—	—	108.6	—	0.2	—	(16.3)	92.5
Balance, December 31, 2017	70.9	$ —	$ —	$ 1,130.2	$ 0.2	$ (71.0)	$ 93.7	$ 1,153.1

See Notes to Consolidated and Combined Financial Statements.

CANNAE HOLDINGS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2017	2016	2015
	(in millions)		
Cash flows from operating activities:			
Net earnings (loss)	$ 92.5	$ (11.9)	$ (7.3)
Adjustments to reconcile net earnings (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	58.1	62.9	65.5
Equity in (earnings) losses of unconsolidated affiliates	(3.4)	29.5	26.0
Realized gains, net	(4.9)	(9.3)	(11.8)
Gain on sale of OneDigital	(276.0)	—	—
Impairment of assets	9.9	3.3	18.5
Subsidiary stock-based compensation cost	0.5	1.2	1.4
Changes in assets and liabilities, net of effects from acquisitions:			
Net increase in trade receivables	(1.2)	(4.2)	(1.6)
Net (increase) decrease in inventory, prepaid expenses and other assets	(12.2)	11.8	11.2
Net increase (decrease) in accounts payable, accrued liabilities, deferred revenue and other	15.0	(7.6)	(23.5)
Net change in income taxes	31.0	(15.4)	(67.3)
Net cash (used in) provided by operating activities	(90.7)	60.3	11.1
Cash flows from investing activities:			
Proceeds from sale of investment securities available for sale	31.6	—	—
Additions to property and equipment	(39.0)	(49.6)	(55.4)
Additions to other intangible assets	(1.1)	(5.6)	(5.1)
Purchases of investment securities available for sale	(1.3)	(39.9)	(28.8)
Contributions to investments in unconsolidated affiliates	(1.4)	(68.6)	(4.5)
Proceeds from the sale of cost method and other investments	1.3	36.0	—
Purchases of other long-term investments	(4.3)	(6.3)	(5.6)
Distributions from investments in unconsolidated affiliates	1.1	42.4	315.7
Net other investing activities	1.4	(0.7)	(0.6)
Acquisition of T-System, net of cash acquired	(201.6)	—	—
Acquisition of Brasada, net of cash acquired	—	(27.5)	—
Proceeds from sale of OneDigital	326.0	—	—
Proceeds from sale of Cascade Timberlands, LLC	—	—	82.2
Other acquisitions/disposals of businesses, net of cash acquired	(21.0)	(48.4)	(24.8)
Net cash provided by (used in) investing activities	91.7	(168.2)	273.1
Cash flows from financing activities:			
Borrowings	84.4	76.7	132.0
Debt service payments	(35.8)	(44.7)	(31.2)
Proceeds from sale of Cascades paid to noncontrolling interest shareholders	—	—	(24.5)
Proceeds from FNF Investment	100.0	—	—
Subsidiary distributions paid to noncontrolling interest shareholders	(0.4)	(0.7)	(3.0)
Payment of contingent consideration for prior period acquisitions	(4.0)	—	—
Equity transactions with Parent, net	(46.0)	(52.1)	(285.8)
Net cash provided by (used in) financing activities	98.2	(20.8)	(212.5)
Net increase (decrease) in cash and cash equivalents	99.2	(128.7)	71.7
Cash and cash equivalents at beginning of period, including cash of discontinued operations	146.4	275.1	203.4
Cash and cash equivalents at end of period	$ 245.6	$ 146.4	$ 275.1

See Notes to Consolidated and Combined Financial Statements

CANNAE HOLDINGS, INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Note A. Business and Summary of Significant Accounting Policies

The following describes the significant accounting policies of Cannae Holdings, Inc. and its subsidiaries (collectively, “we,” “us,” “our,” "Cannae," or the "Company”) which have been followed in preparing the accompanying Consolidated and Combined Financial Statements.

Description of Business

We are a holding company engaged in actively managing and operating a group of companies and investments with a net asset value of approximately $1.2 billion as of December 31, 2017. Our business consists of managing and operating certain majority-owned subsidiaries, as well as making additional majority and minority equity portfolio investments in businesses, in order to achieve superior financial performance and maximize the value of these assets. As of December 31, 2017, our primary majority and minority-owned subsidiaries include American Blue Ribbon Holdings, LLC ("ABRH"), T-System Holdings, LLC ("T-System"), Ceridian Holding, LLC ("Ceridian"), and various other controlled portfolio companies and minority equity investments.

See Note Q *Segment Information* for further discussion of the businesses comprising our reportable segments.

Split-off of Cannae from FNF

During December 2016, the board of directors of Fidelity National Financial, Inc. (“FNF” or “Parent”) authorized its management to pursue a plan to redeem each outstanding share of its Fidelity National Financial Ventures Group ("FNFV Group") common stock, par value $0.0001, for one share of common stock, par value $0.0001, of a newly formed entity, Cannae Holdings, Inc. (“Cannae”), with cash in lieu of fractional shares (the "Split-Off"). On November 17, 2017, FNF contributed to Cannae its majority and minority equity investment stakes in a number of entities, including ABRH, T-System, Ceridian, and various other controlled portfolio companies and minority equity investments. The Split-Off is intended to be tax-free to stockholders of FNFV Group common stock.

Following the Split-Off, FNF and Cannae operate as separate, publicly traded companies. In connection with the Split-Off, FNF and Cannae entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Split-Off and to provide for an orderly transition. These agreements include a reorganization agreement, a corporate services agreement, a registration rights agreement, a voting agreement and a tax matters agreement.

The reorganization agreement provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Split-Off, certain conditions to the Split-Off and provisions governing the relationship between Cannae and FNF with respect to and resulting from the Split-Off. The tax matters agreement provides for the allocation and indemnification of tax liabilities and benefits between FNF and Cannae and other agreements related to tax matters. The voting and registration rights agreements provides for certain appearance and voting restrictions and registration rights on shares of Cannae owned by FNF after consummation of the Split-Off. Pursuant to the corporate services agreement (the "CSA"), FNF will provide Cannae with certain "back office" services including legal, tax, accounting, treasury and investor relations support. FNF will generally provide these services at no-cost for up to three years. Cannae will reimburse FNF for direct, out-of-pocket expenses incurred by FNF in providing these services.

The Split-Off was accounted for at historical cost due to the pro rata nature of the distribution to holders of FNFV Group common stock.

Principles of Consolidation and Combination and Basis of Presentation

The accompanying Consolidated and Combined Financial Statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and include the historical accounts as well as wholly-owned and majority-owned subsidiaries of the Company. Prior to the Split-Off, these financial statements represent a combination of the historical financial information of the operations attributed to FNFV, of which Cannae is comprised. The Company is allocated certain corporate overhead and management services expenses from FNF based on the terms of the CSA and our proportionate share of the expense determined on actual usage and our best estimate of management's allocation of time. Both FNF and Cannae believe such allocations are reasonable; however, they may not be indicative of the actual results of operations or cash flows of the Company had the Company been operating as an independent, publicly traded company for the periods presented or the amounts that will be incurred by the Company in the future.

All intercompany profits, transactions and balances have been eliminated. Our investments in non-majority-owned partnerships and affiliates are accounted for using the equity method until such time that they may become wholly or majority-owned. Earnings attributable to noncontrolling interests are recorded on the Consolidated and Combined Statements of Operations relating to

majority-owned subsidiaries with the appropriate noncontrolling interest that represents the portion of equity not related to our ownership interest recorded on the Consolidated and Combined Balance Sheets in each period.

Management Estimates

The preparation of these Consolidated and Combined Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated and Combined Financial Statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include the carrying amount and depreciation of property and equipment (Note E), the valuation of acquired intangible assets (Note B and Note H), fair value measurements (Note C), and accounting for income taxes (Note L). Actual results could differ from estimates.

Recent Developments

On March 26, 2018, Ceridian HCM announced that it has filed a draft registration statement on Form S-1 with the SEC, which has not yet become effective, relating to the proposed initial public offering of its common stock. The number of shares of common stock to be sold and the price range for the proposed offering have not yet been determined. The initial public offering is expected to commence after the SEC completes its review process, subject to market and other conditions. Ceridian will apply to list its common stock on the New York Stock Exchange and on the Toronto Stock Exchange. Securities in Ceridian may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

On March 13, 2018, Cannae entered into an Assignment and Assumption Agreement with certain of ABRH's lenders to purchase all of the outstanding loans and lending commitments under the ABRH Credit Facility, which resulted in Cannae becoming ABRH's sole lender. Subsequent to the assignment, Cannae and ABRH entered into a Second Amendment to the Credit Agreement to increase the interest rate to 10%, suspend the financial covenants until March 31, 2019 and require ABRH to pay to Cannae an amendment fee equal to 2% of the outstanding loan balance.

On March 12, 2018, Cannae Holdings and Newport Global Opportunities Fund I-AAIV ("Newport Global") signed a non-binding letter of intent pursuant to which American Blue Ribbon Holdings intends to distribute 95% of its family dining group and Legendary Baking to Newport Global in 100% redemption of Newport Global’s interest in American Blue Ribbon Holdings. This proposed transaction would leave Cannae with approximately 94% of the interest in O’Charley’s and 99 Restaurants, LLC, a wholly-owned subsidiary of FNH ("99 Restaurants"), along with an approximately 5% interest in the family dining group and Legendary Baking.

On February 1, 2018, Cannae Holdings, LLC (“Cannae LLC”), a Delaware limited liability company and a subsidiary of the Company, Fidelity Newport Holdings, LLC, a Delaware limited liability company and a majority-owned subsidiary of Cannae LLC (“FNH” and, together with Cannae LLC, the “Sellers”), 99 Restaurants, J. Alexander’s Holdings, Inc., a Tennessee corporation (“JAX”), J. Alexander’s Holdings, LLC, a Delaware limited liability company and direct, majority-owned subsidiary of JAX (“JAX OP”) and Nitro Merger Sub, Inc., a Tennessee corporation and wholly-owned subsidiary of JAX OP (“Merger Sub”) entered into a letter agreement to terminate their previously reported Agreement and Plan of Merger, dated as of August 3, 2017, by and among the Sellers, 99 Restaurants, JAX, JAX OP and Merger Sub (as amended on January 30, 2018, the “Merger Agreement”), pursuant to Section 9.1(b)(iii) thereof. The parties reached this decision following the conclusion of a special meeting of the shareholders of JAX held on February 1, 2018.

On January 29, 2018, the Board of Directors of the Company adopted a resolution increasing the size of the Company’s Board of Directors to six, and elected James B. Stallings, Jr. to serve on our Board of Directors. Mr. Stallings was appointed to serve as Chairman of the Audit Committee of the Company.

On November 17, 2017, Mr. Frank P. Willey was appointed to the Company’s Board of Directors.

On November 17, 2017, a special meeting of the FNFV Group stockholders was held to approve the Split-Off. The Split-Off was approved by a majority of the stockholders and was completed on November 17, 2017. As a result, Cannae is now a separate public company listed under the ticker symbol CNNE on The New York Stock Exchange.

On November 16, 2017, certain subsidiaries of FNF contributed an aggregate of $100.0 million to us (the "FNF Investment") in exchange for 5,706,134 shares of Cannae common stock. In addition, on November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million (the "FNF Revolver"), which accrues interest at LIBOR plus 450 basis points and matures on the five-year anniversary of the date of the revolver note. The maturity date is automatically extended for additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion. The FNF Revolver replaces the Revolver Note discussed in Note K *Notes Payable*.

On October 16, 2017, Fidelity National Financial Ventures LLC ("FNFV LLC"), a wholly-owned subsidiary of the Company, completed a merger pursuant to an Agreement and Plan of Merger (the ‘‘T-System Merger Agreement’’) with Project F Merger

Sub LLC, a Delaware limited liability company and a wholly-owned subsidiary of FNFV LLC (‘‘T-System Merger Sub’’), T-System Holding LLC, a Delaware limited liability company (‘‘T-System’’), and Francisco Partners II, L.P., a Delaware limited partnership, providing for the acquisition of T-System by FNFV LLC pursuant to the proposed merger (the ‘‘T-System Merger’’) of T-System with and into T- System Merger Sub, which resulted in T-System continuing as the surviving entity and wholly-owned subsidiary of FNFV LLC.

As a result of the T-System Merger, all of the outstanding securities of T-System were canceled, extinguished and converted into the right to receive a portion of the aggregate merger consideration in accordance with the terms of the T-System Merger Agreement. The aggregate merger consideration was equal to $202.9 million, in cash.

On June 6, 2017, we closed on the sale of Digital Insurance, Inc. ("OneDigital") for $560.0 million in an all-cash transaction. After repayment of debt, payout to option holders and a minority equity investor and other transaction-related payments, the Company received $331.4 million from the sale, which includes $326.0 million in cash and $5.4 million in purchase price holdback receivable. We recognized a pre-tax gain of $276.0 million on the sale and $126.3 million in income tax expense which are included in Net earnings from discontinued operations on the Consolidated and Combined Statement of Operations for the year ended December 31, 2017. Income tax expense resulting from the gain was recorded as a discrete tax expense for the three months ended June 30, 2017 and included a permanent tax adjustment for nondeductible goodwill. We retained no ownership in OneDigital and have no continuing involvement with OneDigital as of the date of the sale.

As a result of the sale of OneDigital we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated and Combined Balance Sheet as of December 31, 2016. Further, the financial results of OneDigital have been reclassified to discontinued operations for all periods presented in our Consolidated and Combined Statements of Operations. See Note N *Discontinued Operations* for further details of the results of OneDigital.

Cash and Cash Equivalents

Highly liquid instruments, including money market instruments, purchased as part of cash management with original maturities of three months or less, and certain amounts in transit from credit and debit card processors, are considered cash equivalents. The carrying amounts reported in the Consolidated and Combined Balance Sheets for these instruments approximate their fair value.

Investments

Fixed maturity securities are purchased to support our investment strategies, which are developed based on factors including rate of return, maturity, credit risk, duration, tax considerations and regulatory requirements. Fixed maturity securities which may be sold prior to maturity to support our investment strategies are carried at fair value and are classified as available for sale as of the balance sheet dates. Fair values for fixed maturity securities are principally a function of current market conditions and are valued based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly. Discount or premium is recorded for the difference between the purchase price and the principal amount. The discount or premium is amortized or accrued using the interest method and is recorded as an adjustment to interest and investment income. The interest method results in the recognition of a constant rate of return on the investment equal to the prevailing rate at the time of purchase or at the time of subsequent adjustments of book value.

Equity securities held are considered to be available for sale and carried at fair value as of the balance sheet dates. Our equity securities are Level 1 financial assets and fair values are based on quoted prices in active markets.

Investments in unconsolidated affiliates are recorded using the equity method of accounting.

Realized gains and losses on the sale of investments are determined on the basis of the cost of the specific investments sold and are credited or charged to income on a trade date basis. Unrealized gains or losses on securities which are classified as available for sale, net of applicable deferred income tax expenses (benefits), are excluded from earnings and credited or charged directly to a separate component of equity. If any unrealized losses on available for sale securities are determined to be other-than-temporary, such unrealized losses are recognized as realized losses. Unrealized losses are considered other-than-temporary if factors exist that cause us to believe that the value will not increase to a level sufficient to recover our cost basis. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include: (i) our need and intent to sell the investment prior to a period of time sufficient to allow for a recovery in value; (ii) the duration and extent to which the fair value has been less than cost; and (iii) the financial condition and prospects of the issuer. Such reviews are inherently uncertain and the value of the investment may not fully recover or may decline in future periods resulting in a realized loss.

Fair Value of Financial Instruments

The fair values of financial instruments presented in the Consolidated and Combined Financial Statements are estimates of the fair values at a specific point in time using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data.

We do not necessarily intend to dispose of or liquidate such instruments prior to maturity. See Note C *Fair Value Measurements* for further details.

Trade Receivables

Restaurant Group. Trade receivables on the Consolidated and Combined Balance Sheets for the Restaurant Group consists primarily of billings to third-party customers of ABRH's bakery business, business to business gift card sales, insurance-related reimbursement, rebates, tenant improvement allowances, and billings to franchisees for royalties, initial and renewal fees, equipment sales and rent. Trade receivables are recorded net of an allowance for doubtful accounts which is our best estimate of the amount of probable credit losses related to existing receivables.

T-System. Trade receivables on the Consolidated and Combined Balance Sheets for T-System consists primarily of billings to third-party customers and are carried at the invoiced amount less an estimate for doubtful accounts.

The carrying values reported in the Consolidated and Combined Balance Sheets for trade receivables approximate their fair value.

Inventory

Inventory primarily consists of restaurant food products and supplies and is stated at the lower of cost or net realizable value. Cost is determined using the first in, first out method for restaurant inventory and standard cost that approximates actual cost on a first in, first out basis for the bakery operations. Inventory primarily consists of food, beverages, paper products and supplies.

Other long term investments and non-current assets

Other long-term investments consist of various cost-method investments and land held for investment purposes, which are carried at historical cost.

Other non-current assets include notes receivable from third-parties and other miscellaneous non-current assets.

Goodwill

Goodwill represents the excess of cost over fair value of identifiable net assets acquired and assumed in a business combination. Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if circumstances indicate potential impairment, through a comparison of fair value to the carrying amount. In evaluating the recoverability of goodwill, we perform an annual goodwill impairment analysis. We have the option to first assess goodwill for impairment based on a review of qualitative factors to determine if events and circumstances exist which will lead to a determination that the fair value of a reporting unit is greater than its carrying amount, prior to performing a full fair-value assessment. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if the Company concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any.

We completed annual goodwill impairment analyses in the fourth quarter of each respective year using a September 30 measurement date and as a result no goodwill impairments have been recorded. For the years ended December 31, 2017, 2016, and 2015, we determined that there were no events or circumstances which indicated that the carrying value exceeded the fair value.

Other Intangible Assets

We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts, trademarks and tradenames which are generally recorded in connection with acquisitions at their fair value, franchise rights, the fair value of purchased software and capitalized software development costs. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives using an accelerated method which takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their respective contractual lives. Trademarks are generally considered intangible assets with indefinite lives and are reviewed for impairment at least annually. Capitalized software development costs and purchased software are recorded at cost and amortized using the straight-line method over their estimated useful life. Useful lives of computer software range from 3 to 10 years. We also assess the recorded value of computer software for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software

asset. There is an inherent uncertainty in determining the expected useful life of or cash flows to be generated from computer software.

We recorded $2.9 million of impairment expense related to a tradename in our Restaurant Group segment in the year ended December 31, 2017. We recorded $1.1 million in impairment expense to an abandoned software project in our Restaurant Group segment during the year ended December 31, 2015. We recorded no impairment expense related to other intangible assets in the year ended December 31, 2016.

Property and Equipment, net

Property and equipment, net are recorded at cost, less accumulated depreciation. Depreciation is computed primarily using the straight-line method based on the estimated useful lives of the related assets: thirty to forty years for buildings and three to twenty-five years for furniture, fixtures and equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the applicable lease or the estimated useful lives of such assets. Property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable.

In our Restaurant Group, all direct external costs associated with obtaining the land, building and equipment for each new restaurant, as well as construction period interest are capitalized. Direct external costs associated with obtaining the dining room and kitchen equipment, signage and other assets and equipment are also capitalized. In addition, for each new restaurant and re-branded restaurant, a portion of the internal direct costs of its real estate and construction department are also capitalized.

We recorded $6.9 million, $2.8 million, and $1.6 million of impairment expense related to Property and equipment in our Restaurant Group segment in the years ended December 31, 2017, 2016 and 2015, respectively, which is recorded within Other operating expenses on our Consolidated and Combined Statement of Operations for the year then ended.

Insurance Reserves

ABRH is currently self-insured for a portion of its workers' compensation, general liability, and liquor liability losses (collectively, casualty losses) as well as certain other insurable risks. To mitigate the cost of its exposures for certain property and casualty losses, ABRH makes annual decisions to either retain the risks of loss up to a certain maximum per occurrence, aggregate loss limits negotiated with its insurance carriers, or fully insure those risks. ABRH is also self-insured for healthcare claims for eligible participating employees subject to certain deductibles and limitations. We have accounted for ABRH's retained liabilities for casualty losses and healthcare claims, including reported and incurred but not reported claims, based on information provided by third-party actuaries. As of December 31, 2017, ABRH was committed under letters of credit totaling $11.0 million issued primarily in connection with ABRH's casualty insurance programs.

Income Taxes

We recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and expected benefits of utilizing net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The impact of changes in tax rates and laws on deferred taxes, if any, is applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period enacted.

We recognize the benefits of uncertain tax positions in the financial statements only after determining a more likely than not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the financial statements as appropriate. Uncertain tax positions are accounted for by determining the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. This determination requires the use of judgment in assessing the timing and amounts of deductible and taxable items. Tax positions that meet the more likely than not recognition threshold are recognized and measured as the largest amount of tax benefit that is more than 50% likely to be realized upon settlement with a taxing authority that has full knowledge of all relevant information. The Company recognizes interest and penalties accrued related to unrecognized tax benefits as components of income tax expense.

Parent Investment in FNFV

Parent investment in FNFV on the Consolidated and Combined Balance Sheet as of December 31, 2016 represents FNF's historical investment in the Company, the Company's accumulated net earnings after taxes prior to the Split-Off, and the net effect of transactions with and allocations from FNF prior to the Split-Off. In conjunction with the Split-Off, Parent investment in FNFV was reclassified to Additional paid-in capital.

Revenue Recognition

Restaurant Group. Restaurant revenue on the Consolidated and Combined Statements of Operations consists of restaurant sales, bakery operations, and to a lesser extent, franchise revenue and other revenue. Restaurant sales include food and beverage sales and are net of applicable state and local sales taxes and discounts and are recognized as services are performed and goods are provided. Revenue from bakery operations is recognized in the period during which the products are shipped to the customer. Franchise revenue and other revenue consist of development fees and royalties on sales by franchised units. Initial franchise fees are recognized as income upon commencement of the franchise operation and completion of all material services and conditions by the Company. Royalties are calculated as a percentage of the franchisee sales and recognized in the period in which the sales are generated. Revenue resulting from the sale of gift cards is recognized in the period in which the gift card is redeemed and is recorded as deferred revenue until recognized.

Cost of restaurant revenue on the Consolidated and Combined Statements of Operations consists of direct costs associated with restaurant revenue. We receive vendor rebates from various nonalcoholic beverage suppliers, and to a lesser extent, suppliers of food products and supplies. Rebates are recognized as reductions to cost of food and beverage in the period in which they are earned.

T-System. T-System recognizes revenue when delivery has occurred, persuasive evidence of an arrangement exists, fees are fixed or determinable and collection is deemed probable. With respect to long-term licensing agreements, T-System recognizes only the portion of revenue that is earned during the current year with the remainder of the fee deferred to subsequent years. Revenues are recorded net of any sales taxes charged to customers.

T-System sells paper medical documentation templates to emergency care providers to be used for documentation of patient care on a fixed fee determined by a pricing sheet based on annual billable patient visits. Licenses are sold through one-time perpetual license fee arrangements and recurring fixed-term or subscription fee arrangements. Delivery is determined at the time the templates are provided to the customer and the customer's personnel has been trained. The license fee is billed and recognized upfront for onetime perpetual licenses and monthly for recurring fixed-term or subscription licenses after delivery has occurred. For customers that pay the license fee in advance for the full term of the contract, revenue is recognized ratably over the term of such contract.

T-System also sells an electronic version of the medical documentation system, provided in the form of a non-exclusive license to use the software at the sites under the agreement. The Company sells software licenses through one-time perpetual license fee arrangements and recurring fixed-term or subscription fee arrangements. For software licensing arrangements including multiple elements, each element of the arrangement is separately identified and accounted for based on vendor specific objective evidence ("VSOE") of stand-alone value of such element. Revenue is not recognized on any element in a software arrangement if the undelivered elements lack VSOE of stand-alone value. When the only undelivered element is post-contract support ("PCS") and PCS has VSOE, revenue is recognized ratably over the PCS term.

Corporate and Other. Other operating revenue on the Consolidated and Combined Statements of Operations also consists of income generated by our resort operations which includes sales of real estate, lodging rentals, food and beverage sales, and other income from various resort services offered.

Advertising Costs

The Company expenses advertising and marketing costs as incurred, except for certain advertising production costs that are initially capitalized and subsequently expensed the first time the advertising takes place. During 2017, 2016, and 2015, the Company incurred $35.6 million, $36.1 million, and $35.6 million of advertising and marketing costs, respectively, related to advertising at ABRH, T-System and in our real estate operations. These costs are included in Other operating expenses on the Consolidated and Combined Statements of Operations.

Comprehensive Earnings (Loss)

We report comprehensive earnings (loss) in accordance with GAAP on the Consolidated and Combined Statements of Comprehensive Earnings (Loss). Total comprehensive earnings (loss) are defined as all changes in shareholders' equity during a period, other than those resulting from investments by and distributions to shareholders. While total comprehensive earnings (loss) is the activity in a period and is largely driven by net earnings in that period, accumulated other comprehensive earnings or loss represents the cumulative balance of other comprehensive earnings, net of tax, as of the balance sheet date. Amounts reclassified to net earnings relate to the realized gains (losses) on our investments and other financial instruments, excluding investments in unconsolidated affiliates, and are included in Realized gains and losses, net on the Consolidated and Combined Statements of Operations.

Changes in the balance of other comprehensive earnings (loss) by component are as follows:

	Unrealized gain (loss) on investments and other financial instruments, net (excluding investments in unconsolidated affiliates)	Unrealized (loss) gain relating to investments in unconsolidated affiliates	Total Accumulated Other Comprehensive (Loss) Earnings
		(In millions)	
Balance December 31, 2015	$ 2.3	$ (77.8)	$ (75.5)
Other comprehensive earnings	2.6	4.8	7.4
Balance December 31, 2016	4.9	(73.0)	(68.1)
Other comprehensive (losses) earnings	(8.7)	8.9	0.2
Reclassification adjustments	(3.1)	$ —	(3.1)
Balance December 31, 2017	$ (6.9)	$ (64.1)	$ (71.0)

Stock-Based Compensation Plans

Stock-based compensation includes restricted stock awards granted to certain members of management in Cannae common stock, as well as in historical FNFV Group tracking stock. We account for stock-based compensation plans using the fair value method. Under the fair value method of accounting, compensation cost is measured based on the fair value of the award at the grant date, using quoted market prices of the underlying stock, and recognized over the service period.

Earnings Per Share

Basic earnings per share, as presented on the Consolidated and Combined Statement of Operations, is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period.

On November 17, 2017, the date of the consummation of the Split-Off, 70.6 million common shares of CNNE were distributed to FNFV Group shareholders. For comparative purposes, the weighted average number of common shares outstanding and basic and diluted earnings per share for the years ended December 31, 2016 and 2015 were calculated using the number of shares distributed as if those shares were issued and outstanding beginning January 1, 2015.

In periods when earnings are positive, diluted earnings per share is calculated by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding plus the impact of assumed conversions of potentially dilutive securities. For periods when we recognize a net loss, diluted earnings per share is equal to basic earnings per share as the impact of assumed conversions of potentially dilutive securities is considered to be antidilutive. We have granted certain shares of restricted stock which have been treated as common share equivalents for purposes of calculating diluted earnings per share for periods in which positive earnings have been reported.

Instruments which provide the ability to purchase shares of our common stock that are antidilutive are excluded from the computation of diluted earnings per share. For the year ended December 31, 2017, 0.1 million shares of restricted stock were excluded from the calculation of diluted earnings per share as they were antidilutive.

Revision of Prior Period Financial Statements

In connection with the preparation of our Consolidated and Combined Financial Statements for the year ended December 31, 2017, we identified and corrected prior period errors pertaining to the accounting for our investment in Ceridian and our accounting for leases associated with the acquisition of O'Charley's and ABRH in 2012. Specifically the adjustments related to: (1) a misclassification by Ceridian of a deferred tax liability attributable to previously amortized tax basis goodwill as a deferred tax liability eligible to offset deferred tax assets when determining the requirement for a valuation allowance, (2) our accounting for the equity pick-up related to stock-based compensation at Ceridian, (3) the timing of accounting adjustments made by Ceridian and by us and (4) the correction of the assumptions used in the valuation of certain favorable and unfavorable lease assets and liabilities acquired with O'Charley's and ABRH in 2012. Adjustments in (2) above related to our accounting for the equity pick-up related to stock-based compensation at Ceridian had no impact to equity due to offsetting adjustments to Parent investment in FNFV.

These corrections resulted in:

i. an increase in Equity in losses of unconsolidated affiliates of $7.2 million and $3.4 million for the years ended December 31, 2016 and 2015, respectively;

ii. an increase in Income tax benefit of $0.8 million for the year ended December 31, 2016;

iii. an increase in Other intangible assets, Goodwill, Deferred tax asset, and Accounts payable and other accrued liabilities, long term of $12.4 million, $1.7 million, $2.2 million and $12.5 million, respectively, as of December 31, 2016;

iv. a decrease in Investments in unconsolidated affiliates, Property and equipment and Prepaid expenses and other current assets of $6.3 million, $1.1 million, and $0.5 million, respectively, as of December 31, 2016; and

v. a decrease in Parent investment in FNFV of $3.9 million, $2.6 million, and $2.6 million as of December 31, 2016, 2015 and 2014, respectively.

No earnings per share data was affected as our shares began trading on November 20, 2017 and therefore was not previously presented.

In accordance with accounting guidance found in Accounting Standards Codification ("ASC") Topic 250-10 (SEC Staff Accounting Bulletin No. 99, Materiality), we assessed the materiality of the errors from quantitative and qualitative perspectives and concluded that the errors were not material, individually or in the aggregate, to any of our previously issued financial statements. Since the revision was not material to any prior period, no amendments to previously issued financial statements are required. Consequently, we have adjusted for these errors by revising the financial statement line items discussed above, including the related impacts to the statements of comprehensive earnings (loss), equity and cash flows and disclosures in our historical financial statements presented herein.

Note B. Acquisitions and Dispositions

The results of operations and financial position of the entities acquired during any period are included in the Consolidated and Combined Financial Statements from and after the date of acquisition.

T-System

On October 16, 2017, we completed the T-System Merger for aggregate merger consideration of $202.9 million. T-System is a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities.

The Company paid total consideration, net of cash received, of $201.6 million in exchange for 100% of the equity ownership of T-System. The total consideration paid was as follows (in millions):

Cash paid	$	202.9
Less: Cash acquired		1.3
Total cash consideration paid	$	201.6

The purchase price has been allocated to T-System's assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. $32.8 million of the goodwill recorded is expected to be deductible for tax purposes. These estimates are preliminary and subject to adjustments as we complete our valuation process with respect to Goodwill, Other intangible assets, and Deferred tax liabilities.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired, excluding cash received, and liabilities assumed as of the acquisition date (in millions):

	Fair Value
Trade receivables	$ 11.3
Prepaid and other current assets	2.0
Property and equipment	1.2
Goodwill	99.6
Other intangible assets	112.4
Total assets acquired	226.5
Accounts payable and accrued liabilities	6.6
Deferred revenue	11.0
Deferred tax liabilities	7.3
Total liabilities assumed	24.9
Net assets acquired	$ 201.6

For comparative purposes, selected unaudited pro-forma combined results of operations of Cannae for the years ended December 31, 2017, 2016 and 2015 are presented below (in millions). Pro-forma results presented assume the consolidation of T-System occurred as of the beginning of the 2015 period. Amounts are adjusted to exclude costs directly attributable to the acquisition of T-System, including transaction costs and amortization of acquired intangible assets.

	Year ended December 31,		
	2017	2016	2015
	(Unaudited)		
Total revenues	$ 1,214.8	$ 1,242.5	$ 1,478.4
Net earnings (loss) attributable to Cannae Holdings	109.8	(5.4)	(18.9)

The gross carrying values and weighted average estimated useful lives of property and equipment and other intangible assets acquired in the T-System acquisition consists of the following (dollars in millions):

	Gross Carrying Value	Weighted Average Estimated Useful Life (in years)
Property and equipment	$ 1.2	3 - 5
Other intangible assets:		
Customer relationships	55.2	10
Computer software	45.1	9
Tradename	10.6	10
Noncompete agreement	1.5	5
Total other intangible assets	112.4	
Total	$ 113.6	

Corporate and other

Brasada

On January 18, 2016, we completed our purchase of certain assets of Brasada Ranch Development, LLC, Brasada Ranch Hospitality, LLC, Brasada Ranch Utilities, LLC, Brasada Rental Management, LLC, and Oregon Resorts, LLC (collectively, "Brasada") through our 87% owned subsidiary FNF NV Brasada, LLC. Brasada is a ranch-style resort in Bend/Powell Butte, Oregon which offers luxury accommodations, championship golf, world-class dining and amenities, and vast recreational activities. The acquisition was made to supplement our resort, land and real estate holdings.

The Company paid total consideration, net of cash received, of $27.5 million in exchange for the assets of Brasada. The total consideration paid was as follows (in millions):

Cash paid	$ 12.0
Cash consideration financed through a mortgage loan	15.5
Total cash consideration paid	$ 27.5

The purchase price has been allocated to Brasada's assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date.

The following table summarizes the total purchase price consideration and the fair value amounts recognized for the assets acquired, excluding cash received, and liabilities assumed as of the acquisition date (in millions):

	Fair Value
Trade receivables	$ 0.4
Prepaid and other current assets	1.2
Other long-term investments	8.7
Property and equipment	14.4
Other intangible assets	7.0
Total assets acquired	31.7
Accounts payable and accrued liabilities	1.1
Deferred revenue	1.1
Notes payable	0.2
Total liabilities assumed	2.4
Total noncontrolling assumed	1.8
Net assets acquired	$ 27.5

For comparative purposes, selected unaudited pro-forma combined results of operations of Cannae Holdings for the years ended December 31, 2016 and 2015 are presented below (in millions). Pro-forma results presented assume the consolidation of Brasada occurred as of the beginning of the 2015 period. Amounts are adjusted to exclude costs directly attributable to the acquisition of Brasada, including transaction costs.

	Year ended December 31,	
	2016	2015
	(Unaudited)	
Total revenues	$ 1,179.4	$ 1,434.0
Net loss attributable to Cannae Holdings	(11.7)	(20.3)

The gross carrying values and weighted average estimated useful lives of property and equipment and other intangible assets acquired in the Brasada acquisition consists of the following (dollars in millions):

	Gross Carrying Value	Weighted Average Estimated Useful Life (in years)
Property and equipment	$ 14.4	3 - 40
Other intangible assets:		
Management services contract	5.2	12
Tradename	1.8	15
Total other intangible assets	7.0	
Total	$ 21.4	

Dispositions

On June 6, 2017, we closed on the sale of Digital Insurance, Inc. ("OneDigital") for $560.0 million in an all-cash transaction. After repayment of debt, payout to option holders and a minority equity investor and other transaction-related payments, the Company received $331.4 million from the sale, which includes $326.0 million in cash and $5.4 million in purchase price holdback receivable. We recognized a pre-tax gain of $276.0 million on the sale and $126.3 million in income tax expense which are included in Net earnings from discontinued operations on the Consolidated and Combined Statement of Operations for the year ended December 31, 2017.

On January 25, 2016, we completed the sale of our Max & Erma's restaurant concept for $6.5 million pursuant to an Asset Purchase Agreement ("APA"). In the years ended December 31, 2016 and 2015 we recorded $3.0 million in total expense, inclusive of a $2.5 million loss on the sale and $0.5 million in impairment charges, and $17.3 million in expense related to impairment

charges related to the sale, respectively, which are included in realized gains and (losses), net and other operating expense, respectively, on the Consolidated and Combined Statements of Operations for the years then ended.

On September 16, 2015, J. Alexander's, Inc. ("J. Alexander's") and FNF entered into a Separation and Distribution Agreement, pursuant to which FNF agreed to distribute one hundred percent (100%) of its shares of J. Alexander's common stock, on a pro rata basis, to the holders of FNFV Group tracking stock. Holders of FNFV Group tracking stock received approximately 0.17272 shares of J. Alexander's common stock for every one share of FNFV Group tracking stock held at the close of business on September 22, 2015, the record date for the distribution (the "Distribution"). The Distribution was made on September 28, 2015. The results of operations of J. Alexander's are included in the Consolidated and Combined Statements of Operations through the date which it was distributed to holders of FNFV Group tracking stock.

On February 18, 2015, we closed the sale of substantially all of the assets of Cascade Timberlands, LLC ("Cascade") which grows and sells timber and in which we owned a 70.2% interest, for $85.5 million less a replanting allowance of $0.7 million and an indemnity holdback of $1.0 million. The gain on the sale of $12.2 million was recorded in realized gains and (losses), net in the Consolidated and Combined Statement of Operations in the year ended December 31, 2015. There was no effect on net earnings attributable to Cannae due to offsetting amounts attributable to noncontrolling interests.

Note C. Fair Value Measurements

The fair value hierarchy established by the accounting standards on fair value measurements includes three levels which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities that are recorded in the Consolidated and Combined Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on model inputs that are unobservable.

Recurring Fair Value Measurements

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016, respectively:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Fixed-maturity securities available for sale:				
Corporate debt securities	$ —	$ 14.8	$ —	$ 14.8
Equity securities available for sale	17.7	—	—	17.7
Deferred compensation	4.4	—	—	4.4
Total assets	$ 22.1	$ 14.8	$ —	$ 36.9
Liabilities:				
Deferred compensation	4.4	—	—	4.4
Total liabilities	$ 4.4	$ —	$ —	$ 4.4

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Fixed-maturity securities available for sale:				
Corporate debt securities	$ —	$ 25.0	$ —	$ 25.0
Equity securities available for sale	51.8	—	—	51.8
Deferred compensation	3.5	—	—	3.5

Total assets	$ 55.3	$ 25.0	$ —	$ 80.3
Liabilities:				
Deferred compensation	3.5	—	—	3.5
Total liabilities	$ 3.5	$ —	$ —	$ 3.5

Our recurring Level 2 fair value measure for our fixed-maturity securities available for sale are provided by a third-party provider. We rely on one price for the instruments to determine the carrying amount of the assets on our balance sheet. Quarterly, a comparable public company is utilized to determine the fair value. The inputs utilized in the analysis include observable measures such as reference data including public company operating results and share prices and market research publications. Other factors considered include the bond's yield, its terms and conditions, and any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news. We review the pricing methodologies for our Level 2 securities by obtaining an understanding of the valuation models and assumptions used by the third-party as well as independently comparing the resulting prices to other publicly available measures of fair value.

Additional information regarding the fair value of our investment portfolio is included in Note D *Investments*.

Deferred compensation plan assets are comprised of various investment funds which are valued based upon their quoted market prices.

As of December 31, 2017 and 2016, we held no material assets or liabilities of continuing operations measured at fair value using Level 3 inputs.

The carrying amounts of trade receivables and notes receivable approximate fair value due to their short-term nature. The fair value of our notes payable is included in Note K *Notes Payable*.

Note D. Investments

Available for Sale Securities

The carrying amounts and fair values of our available for sale securities at December 31, 2017 and 2016 are as follows:

	December 31, 2017				
	Carrying Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)				
Fixed maturity securities available for sale:					
Corporate debt securities	14.8	26.3	0.3	(11.8)	14.8
Equity securities available for sale	17.7	17.7	0.3	(0.3)	17.7
Total	$ 32.5	$ 44.0	$ 0.6	$ (12.1)	$ 32.5

	December 31, 2016				
	Carrying Value	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
	(In millions)				
Fixed maturity securities available for sale:					
Corporate debt securities	25.0	24.7	0.3	—	25.0
Equity securities available for sale	51.8	44.2	7.6	—	51.8
Total	$ 76.8	$ 68.9	$ 7.9	$ —	$ 76.8

The cost basis of fixed maturity securities available for sale includes an adjustment for amortized premium or discount since the date of purchase.

As of December 31, 2017, the fixed maturity securities in our investment portfolio were corporate debt securities with a maturity of greater than one year but less than five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2017 were as follows (in millions):

	Less than 12 Months	
	Fair Value	Unrealized Losses
Corporate debt securities	$ 14.3	$ (11.8)
Equity securities available for sale	6.8	(0.3)
Total temporarily impaired securities	$ 21.1	$ (12.1)

The unrealized losses for the corporate debt securities were primarily caused by industry volatility and declines in values of comparable public companies. We consider the unrealized losses related to these securities to be temporary rather than permanent changes in credit quality. We expect to recover the entire amortized cost basis of our temporarily impaired fixed maturity securities as we do not intend to sell these securities and we do not believe that we will be required to sell the fixed maturity securities before recovery of the cost basis. For these reasons, we do not consider these securities other-than-temporarily impaired at December 31, 2017. It is reasonably possible that declines in fair value below cost not considered other-than-temporary in the current period could be considered to be other-than-temporary in a future period and earnings would be reduced to the extent of the impairment.

Equity securities are carried at fair value. The change in unrealized gains on equity securities for the years ended December 31, 2017 and 2016 was a net (decrease) increase of $(7.6) million and $4.0 million, respectively.

During the year ended December 31, 2017, we sold equity securities for gross proceeds of $31.6 million resulting in net realized gains of $5.1 million. We sold no securities in the years ended December 31, 2016 and 2015, respectively. Subsequent to December 31, 2017, we sold the remainder of our equity holdings for gross proceeds of $17.7 million resulting in net realized gains of $0.1 million.

During the years ended December 31, 2017, 2016 and 2015 we incurred no other-than-temporary impairment charges relating to available for sale investments. We recorded realized gains of $5.1 million in the year ended December 31, 2017 related to the sales of equity securities available for sale. We recorded no realized gains or losses on available for sale securities in the years ended December 31, 2016 and 2015.

As of December 31, 2017, we held no investments for which an other-than-temporary impairment had been previously recognized. It is possible that future events may lead us to recognize potential future impairment losses related to our investment portfolio and that unanticipated future events may lead us to dispose of certain investment holdings and recognize the effects of any market movements in our Consolidated and Combined Financial Statements.

Interest and investment income consists of the following:

	Year Ended December 31,		
	2017	2016	2015
		(In millions)	
Cash and short term investments	$ 2.0	$ 0.5	$ 0.2
Fixed maturity securities available for sale	2.5	2.1	—
Notes receivable	0.6	0.6	0.6
Other	0.2	0.1	1.2
Total	$ 5.3	$ 3.3	$ 2.0

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates recorded using the equity method of accounting as of December 31, 2017 and 2016 consisted of the following (in millions):

	Ownership at December 31, 2017	2017	2016
Ceridian	33%	$ 324.9	$ 316.9
Ceridian II	32%	58.4	47.4
Total investment in Ceridian		383.3	364.3
Other	various	41.6	36.7
Total		$ 424.9	$ 401.0

On March 30, 2016, Ceridian Holding II LLC ("Ceridian II"), an affiliate of Ceridian, completed an offering of common stock (the "Offering") for aggregate proceeds of $150.2 million. The proceeds of the Offering were used by Ceridian II to purchase shares of senior convertible preferred stock of Ceridian HCM, a wholly-owned subsidiary of Ceridian. As part of the Offering, FNF purchased a number of shares of common stock of Ceridian II equal to its pro-rata ownership in Ceridian.

During the year ended December 31, 2016 we received distributions from Ceridian of $36.7 million.

Other Long-term Investments

Other long-term investments consist of various cost-method investments and land held for investment purposes. In the year ended December 31, 2016 we recorded $3.0 million in impairment charges related to a cost-method investment in which we determined recoverability of our investment was unlikely. The impairment is included in realized gains and (losses), net on the Consolidated and Combined Statement of Operations.

Note E. Property and Equipment

Property and equipment consists of the following:

	Year Ended December 31,	
	2017	2016
	(In millions)	
Furniture, fixtures and equipment	$ 192.8	$ 185.1
Leasehold improvements	146.3	146.1
Land	38.7	23.1
Buildings	33.5	53.7
Other	—	—
	411.3	408.0
Accumulated depreciation and amortization	(192.5)	(173.0)
	$ 218.8	$ 235.0

Depreciation expense on property and equipment was $41.9 million, $41.4 million, and $47.7 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Note F. Goodwill

Goodwill consists of the following:

	Restaurant Group	T-System	FNFV Corporate and Other	Total
		(in millions)		
Balance, December 31, 2015	$ 102.7	$ —	$ —	$ 102.7
Immaterial prior period correction, see Note A	1.7	—	—	1.7
Sale of Max & Erma's	(1.3)	—	—	(1.3)
Balance, December 31, 2016	$ 103.1	$ —	$ —	$ 103.1
Goodwill acquired during the year	—	99.6	—	99.6
Balance, December 31, 2017	$ 103.1	$ 99.6	$ —	$ 202.7

See Note B. *Acquisition and Dispositions* for further information on Goodwill acquired in conjunction with business combinations.

Note G. Variable Interest Entities

The Company, in the normal course of business, engages in certain activities that involve variable interest entities ("VIEs"), which are legal entities in which the equity investors as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the enterprise that has both the power to direct the activities most significant to the economic performance of the VIE and the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. The Company evaluates its interest in certain entities to determine if these entities meet the definition of a VIE and whether the Company is the primary beneficiary and should consolidate the entity based on the variable interests it held both at inception and when there is a change in circumstances that requires a reconsideration. If the Company is determined to be the primary beneficiary of a VIE, it must account for the VIE as a consolidated subsidiary. If the Company is determined not to be the primary beneficiary of a VIE but holds a variable interest in the entity, such variable interests are accounted for under accounting standards as deemed appropriate. As of and for the years ended December 31, 2017, 2016 and 2015, we are not the primary beneficiary of any VIEs.

Unconsolidated VIEs

The table below summarizes select information related to variable interests held by the Company as of December 31, 2017 and 2016, of which we are not the primary beneficiary:

	2017		2016	
	Total Assets	Maximum Exposure	Total Assets	Maximum Exposure
		(in millions)		
Investments in unconsolidated affiliates	13.0	14.7	9.8	11.9

Investments in Unconsolidated Affiliates

The Company holds variable interests in certain unconsolidated affiliates, outlined in the table above, which are primarily comprised of funds that hold minority ownership investments primarily in healthcare-related entities. The principal risk to which these funds are exposed is credit risk related to the underlying investees. In addition to the book value of our investments in unconsolidated affiliates, the maximum exposure to loss also includes $1.7 million and $2.1 million as of December 31, 2017 and 2016, respectively, for notes receivable from an investee. We do not provide any implicit or explicit liquidity guarantees or principal value guarantees to these VIEs. The assets are included in investments in unconsolidated affiliates on the Consolidated and Combined Balance Sheets and accounted for under the equity method of accounting.

Note H. Other Intangible Assets

Other intangible assets consist of the following:

	December 31,	
	2017	2016
	(In millions)	
Trademarks and tradenames	$ 84.0	$ 76.6
Software	67.4	19.6
Customer relationships and contracts	61.8	5.3
Other	17.4	19.5
	230.6	121.0
Accumulated amortization	(16.1)	(9.2)
	$ 214.5	$ 111.8

Amortization expense for amortizable intangible assets, which consist primarily of customer relationships and software, was $7.4 million, $3.4 million, and $2.1 million for the years ended December 31, 2017, 2016 and 2015, respectively. Other intangible assets primarily represent non-amortizable intangible assets such as licenses. Estimated amortization expense for the next five years for assets owned at December 31, 2017, is $24.4 million in 2018, $23.0 million in 2019, $21.0 million in 2020, $19.1 million in 2021 and $12.8 million in 2022. See Note B. *Acquisition and Dispositions* for further information on Other intangible assets acquired in conjunction with business combinations.

Note I. Inventory

Inventory consists of the following:

	December 31,	
	2017	2016
	(In millions)	
Bakery inventory:		
Raw materials	$ 9.1	$ 5.1
Semi-finished and finished goods	7.5	5.9
Packaging	2.8	2.2
Obsolescence reserve	(0.6)	(0.3)
Total bakery inventory	18.8	12.9
Restaurant and other inventory	10.9	11.0
Total inventory	$ 29.7	$ 23.9

Note J. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities, current consist of the following:

	December 31,	
	2017	2016
	(In millions)	
Accrued payroll and employee benefits	$ 23.7	$ 20.4
Trade accounts payable	20.3	24.7
Accrued casualty insurance expenses	16.5	16.7
Other accrued liabilities	40.2	29.7
	$ 100.7	$ 91.5

Accounts payable and other accrued liabilities, long term consist of the following:

	December 31,	
	2017	2016
	(In millions)	
Unfavorable lease liability	$ 25.6	$ 30.0
Other accrued liabilities	36.9	30.6
	$ 62.5	$ 60.6

Note K. Notes Payable

Notes payable consists of the following:

	December 31,	
	2017	2016
	(In millions)	
ABRH Term Loan, interest payable monthly at LIBOR + 3.0% (4.57% at December 31, 2017), due August 2019	$ 84.2	$ 91.6
ABRH Revolving Credit Facility, due August 2019 with interest payable monthly or quarterly at various rates	38.0	—
Brasada Cascades Credit Agreement, due January 2026 with interest payable monthly at varying rates	12.1	12.9
Revolver Note with FNF, Inc., unused portion of $100.0 million at December 31, 2017	—	—
Other	0.6	0.2
Notes payable, total	$ 134.9	$ 104.7
Less: Notes payable, current	122.2	11.4
Notes payable, long term	$ 12.7	$ 93.3

At December 31, 2017, the carrying value of our outstanding notes payable approximated fair value. The respective carrying values of the ABRH Term Loan and the B Note, Development Loan and Line of Credit Loan pursuant to the Cascades Credit Agreement, each as defined below, approximate fair value as they are variable rate instruments with monthly reset periods which reflect current market rates. The revolving credit facilities are considered Level 2 financial liabilities. The fixed-rate A Note, as defined below, pursuant to the Cascades Credit Agreement approximates fair value as of December 31, 2017.

On January 29, 2016, FNF NV Brasada, LLC, an Oregon limited liability company and majority-owned subsidiary of Cannae ("NV Brasada"), entered into a credit agreement with an aggregate borrowing capacity of $17.0 million (the "Cascades Credit Agreement") with Bank of the Cascades, an Oregon state-chartered commercial bank ("Bank of the Cascades"), as lender. The Cascades Credit Agreement provides for (i) a $12.5 million acquisition loan (the "Acquisition Loan"), (ii) a $3.0 million development loan (the "Development Loan"), and (iii) a $1.5 million line of credit loan (the "Line of Credit Loan", and collectively with the Acquisition Loan and the Development Loan, the "Cascades Loans"). Pursuant to the Acquisition Loan, NV Brasada executed a $6.25 million "A Note", which accrues interest at a rate of 4.51% per annum and matures on the tenth anniversary of the issuance thereof, and a $6.25 million "B Note", which accrues interest at the rate of LIBOR plus 225 basis points, adjusted

monthly, and matures on the tenth anniversary of the issuance thereof. NV Brasada makes equal monthly payments of principal and interest to Bank of the Cascades under the Acquisition Loan. Each of the Development Loan and the Line of Credit Loan accrue interest at the rate of LIBOR plus 225 basis points, adjusted monthly, and mature on the second anniversary of the respective issuances thereof. NV Brasada makes equal monthly payments of interest to Bank of the Cascades under the Development Loan and the Line of Credit Loan. The Cascades Loans are secured by certain single-family residential lots that can be sold for construction, owned by NV Brasada, and certain other operating assets owned by NV Brasada. The Company does not provide any guaranty or stock pledge under the Cascades Credit Agreement. As of December 31, 2017, there was $12.1 million, net of debt issuance costs, outstanding under the Cascades Credit Agreement; the Acquisition Loan and Line of Credit Loan incurred interest at 3.63% and 3.75%, respectively; and there was $0.8 million available to be drawn on the Line of Credit Loan.

On August 19, 2014, ABRH entered into a credit agreement (the "ABRH Credit Facility") with Wells Fargo Bank, National Association as Administrative Agent, Swingline Lender and Issuing Lender (the "ABRH Administrative Agent"), Bank of America, N.A. as Syndication Agent and the other financial institutions party thereto. On February 24, 2017, the ABRH Credit Facility was amended. The ABRH Credit Facility provides for a maximum revolving loan of $60.0 million (the "ABRH Revolver") with a maturity date of August 19, 2019. Additionally, the ABRH Credit Facility provides for a maximum term loan (the "ABRH Term Loan") of $110.0 million with quarterly installment repayments through June 30, 2019 and a maturity date of August 19, 2019 for the outstanding unpaid principal balance and all accrued and unpaid interest. ABRH borrowed the entire $110.0 million under the ABRH Term Loan in August 2014. Pricing for the ABRH Credit Facility is based on an applicable margin between 225 basis points to 300 basis points over LIBOR and between 125 basis points and 200 basis points over the Base Rate (which is the highest of (a) 50 basis points in excess of the federal funds rate, (b) the ABRH Administrative Agent "prime rate," or (c) the sum of 100 basis points plus one-month LIBOR). A commitment fee amount is also due at a rate per annum equal to between 32.5 and 40 basis points on the average daily unused portion of the commitments under the ABRH Revolver. The ABRH Credit Facility also allows for ABRH to request up to $20.0 million of letters of credit commitments and $20 million in swingline debt from the ABRH Administrative Agent. The ABRH Credit Facility is subject to affirmative, negative and financial covenants customary for financings of this type, including, among other things, limits on ABRH's creation of liens, sales of assets, incurrence of indebtedness, restricted payments and transactions with affiliates. The covenants addressing restricted payments include certain limitations on the declaration or payment of dividends by ABRH to its parent, Fidelity Newport Holdings, LLC ("FNH"), and by FNH to its members. The ABRH Credit Facility includes customary events of default for facilities of this type (with customary grace periods, as applicable), which include a cross-default provision whereby an event of default will be deemed to have occurred if ABRH or any of its guarantors, which consists of FNH and certain of its subsidiaries (together, the "Loan Parties") or any of their subsidiaries default on any agreement with a third party of $10.0 million or more related to their indebtedness and such default results in a right by such third party to accelerate such Loan Party's or its subsidiary's obligations. The ABRH Credit Facility provides that, upon the occurrence of an event of default, the ABRH Administrative Lender may (i) declare the principal of, and any and all accrued and unpaid interest and all other amounts owed in respect of, the loans immediately due and payable, (ii) terminate loan commitments and (iii) exercise all other rights and remedies available to the ABRH Administrative Lender or the lenders under the loan documents. As of December 31, 2017, $34.7 million of borrowings under the ABRH Credit Facility incurred interest monthly at 4.49% and $3.3 million of borrowings incurred interest quarterly at 6.50%, $11.0 million of letters of credit were outstanding and there was $11.0 million of remaining borrowing capacity under its revolving credit facility. ABRH was not in compliance with certain covenants of the ABRH Credit Facility as of December 31, 2017 and, accordingly, all outstanding borrowings under such facility were classified as current on our Consolidated and Combined Balance Sheets. On March 13, 2018 Cannae entered into an Assignment and Assumption Agreement with certain of ABRH's lenders to purchase all of the outstanding loans and lending commitments under the ABRH Credit Facility, which resulted in Cannae becoming ABRH's sole lender. Subsequent to the assignment, Cannae and ABRH entered into a Second Amendment to the Credit Agreement to increase the interest rate to 10% suspend the financial covenants until March 31, 2019 and require ABRH to pay to Cannae an amendment fee equal to 2% of the outstanding loan balance.

On June 30, 2014, FNF issued to FNFV, LLC a revolver note in an aggregate principal amount of up to $100 million (the "Revolver Note"), pursuant to FNF's revolving credit facility. Pursuant to the Revolver Note, FNF may make one or more loans to FNFV, LLC, in increments of $1.0 million, with up to $100.0 million outstanding at any time. Outstanding amounts under the Revolver Note accrue interest at the rate set forth under FNF's revolving credit facility, plus 100 basis points. Revolving loans under FNF's revolving credit facility generally bear interest at a variable rate based on either (i) the base rate (which is the highest of (a) 0.5% in excess of the federal funds rate, (b) the Administrative Agent's "prime rate", or (c) the sum of 1% plus one-month LIBOR) plus a margin of between 32.5 and 60 basis points depending on the senior unsecured long-term debt ratings of FNF, or (ii) LIBOR plus a margin of between 132.5 and 160 basis points depending on the senior unsecured long-term debt ratings of FNF. The Revolver Note matured on June 30, 2015, which maturity date automatically continued to be extended for additional one-year terms. On November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million (the "FNF Revolver") which replaced the Revolver Note. The FNF Revolver accrues interest at LIBOR plus 450 basis points and matures on the five-year anniversary of the date of the FNF Revolver. The maturity date is automatically extended for

additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion. As of December 31, 2017, we have not made any borrowings under the FNF Revolver.

Gross principal maturities of notes payable at December 31, 2017 are as follows (in millions):

2018	$ 124.3
2019	—
2020	—
2021	—
2022	—
Thereafter	11.5
	$ 135.8

Note L. Income Taxes

On November 17, 2017, FNF distributed all of common stock of Cannae to the shareholders of FNFV Group in a transaction that qualified as a tax-free split-off under section 355 of the Internal Revenue Code of 1986. As a result of the Split-Off, Cannae is now a separate publicly traded company. All activity through the date of the Split-Off will be included in FNF's consolidated tax return and Cannae will file an initial federal consolidated tax return, as well as various state tax returns, that will include Cannae's activity subsequent to the Split-Off.

Income tax (benefit) expense on continuing operations consists of the following:

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Current	$ (28.2)	$ 6.2	$ 46.5
Deferred	11.6	(16.6)	(66.2)
	$ (16.6)	$ (10.4)	$ (19.7)

A reconciliation of the federal statutory rate to our effective tax rate is as follows:

	Year Ended December 31,		
	2017	2016	2015
Federal statutory rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	3.1	4.4	17.1
Tax credits	8.6	(66.1)	84.8
Valuation allowance	5.9	—	(2.0)
Non-deductible expenses and other, net	(5.0)	9.1	7.6
Noncontrolling interests	(7.6)	(2.3)	140.8
Tax Reform	(9.9)	—	—
Other	(3.7)	—	—
Effective tax rate excluding equity investments	26.4 %	(19.9)%	283.3 %
Equity investments	(4.4)	(184.4)	229.2
Effective tax rate	22.0 %	(204.3)%	512.5 %

The significant components of deferred tax assets and liabilities at December 31, 2017 and 2016 consist of the following:

	December 31,	
	2017	2016
	(In millions)	
Deferred tax assets:		
Employee benefit accruals	$ 0.2	$ 1.6
Net operating loss carryforwards	10.9	—
Equity investments	14.6	35.0
Investment securities	3.0	—
Partnerships	—	4.9
Accrued liabilities	3.3	—
State income taxes	—	0.7
Tax credit carryforwards	1.1	—
Total gross deferred tax asset	33.1	42.2
Less: valuation allowance	0.7	5.8
Total deferred tax asset	$ 32.4	$ 36.4
Deferred tax liabilities:		
Investment securities	$ —	$ (3.0)
Amortization of goodwill and intangible assets	(16.8)	—
Partnerships	(4.4)	—
Depreciation	(0.6)	(0.3)
Total deferred tax liability	$ (21.8)	$ (3.3)
Net deferred tax asset	$ 10.6	$ 33.1

The Company's net deferred tax asset was $10.6 million and $33.1 million at December 31, 2017, and 2016, respectively. The primary changes to the deferred taxes relate to acquired intangibles and net operating loss ("NOL") carryforwards; as well as changes in valuation allowance, equity investments, and partnership interests.

The decrease of $20.4 million in our deferred tax asset for equity investments as of December 31, 2017 from 2016 was the result of the current year pick up of equity in earnings of unconsolidated affiliates and the enactment of the Tax Reform Act, as defined below. The change in our deferred taxes for investment securities from a deferred tax liability of $3.0 million to a deferred tax asset of $3.0 million as of December 31, 2016 and December 31, 2017, respectively, was primarily related to valuation adjustments for unrealized losses on corporate debt securities. See Note D. *Investments* for further discussion on temporary impairment of corporate debt securities. The change in our deferred taxes for partnerships from a deferred tax asset of $4.9 million as of December, 31, 2016 to a deferred tax liability of $4.4 million as of December 31, 2017 was primarily related to the transfer of tax attributes to FNF as a result of the Split-Off.

As a result of the T-System Merger in the fourth quarter of 2017, the Company recorded a deferred tax liability of approximately $16.6 million related to intangibles and an $8.6 million deferred tax asset related to federal and state NOL carryforwards. The NOLs acquired in the T-System Merger are subject to a Section 382 limitation; however based on the section 382 limitation amount all of the NOL carryovers can be fully utilized before they expire.

The Company's NOL and tax credit carryovers expire in various tax years through 2038.

ASC 740 requires that companies assess whether a valuation allowance should be established against their deferred tax assets based on the consideration of all of the available evidence using a "more likely than not" standard. A valuation allowance is established for deferred tax assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets may not be realized. Management evaluated the Company's deferred tax assets for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, in particular, the Company's historical profitability and any projections of future taxable income or potential future tax planning strategies.

As of December 31, 2017 and 2016, we had a valuation allowance of $0.7 million and $5.8 million, respectively. The valuation allowance recorded as of December 31, 2016 related to tax basis of an investment which would generate capital losses when sold or written off. In the fourth quarter of 2017, management determined that it was more likely than not that the Company would

be able to realize such capital losses in the future. As a result, the valuation allowance was released. As of December 31, 2017, a small valuation allowance was recorded against certain state NOLs reflected in the Restaurant Group segment that were not more likely than not to be realized.

The Company did not have any unrecognized tax benefits as of December 31, 2017, 2016 or 2015.

Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Reform Act”). Among other provisions, the Tax Reform Act reduced the Federal statutory corporate income tax rate from 35% to 21% and limited or eliminated certain deductions. During the fourth quarter of 2017, we recorded a one-time non-cash net tax expense of $7.5 million related to the revaluation of our deferred income tax assets and liabilities as a result of the Tax Reform Act. The reduction in tax rate reduced the Company’s 2017 effective tax rate by 9.9%.

The Tax Reform Act significantly changes how the United States taxes corporations. The Company has analyzed and interpreted the current and future impacts of the Tax Reform Act and recorded the provisional effects in its financial statements as of December 31, 2017. However, the legislation remains subject to potential amendments, technical corrections and further guidance. Further, in connection with the filing of its tax return, the Company has the ability to change certain elections it has applied to the calculation of the year-end deferred tax assets and liabilities or amounts related to investments in subsidiaries. When the impact of the Tax Reform Act is finalized, the Company will record any necessary adjustments in the period in which the change occurs.

Note M. Commitments and Contingencies

Legal Contingencies

In the ordinary course of business, we are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. Our ordinary course litigation includes purported class action lawsuits, which make allegations related to various aspects of our business. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies. We believe that no actions, other than those discussed below, depart from customary litigation or regulatory inquiries incidental to our business.

Our Restaurant Group companies are a defendant from time to time in various legal proceedings arising in the ordinary course of business, including claims relating to injury or wrongful death under “dram shop” laws that allow a person to sue us based on any injury caused by an intoxicated person who was wrongfully served alcoholic beverages at one of the restaurants; individual and purported class or collective action claims alleging violation of federal and state employment, franchise and other laws; and claims from guests or employees alleging illness, injury or other food quality, health or operational concerns. Our Restaurant Group companies are also subject to compliance with extensive government laws and regulations related to employment practices and policies and the manufacture, preparation, and sale of food and alcohol. We may also become subject to lawsuits and other proceedings, as well as card network fines and penalties, arising out of the actual or alleged theft of our customers' credit or debit card information.

We review lawsuits and other legal and regulatory matters (collectively “legal proceedings”) on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings in which it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts and which represents our best estimate is recorded. As of December 31, 2017, we had $0.2 million accrued for legal proceedings. As of December 31, 2016, we had no accrual for legal proceedings as none of our ongoing matters were both probable and reasonably estimable. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending legal proceedings is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period in the event of an unfavorable outcome, at present, we do not believe that the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

On April 8, 2016, a cyber-security investigation at O’Charley’s identified signs of unauthorized access to the payment card network of O’Charley’s restaurants. The Company retained a cyber security firm to prepare a report (a “Payment Card Industry Forensic Investigator report” or “PFI report”) describing the incident. The PFI report was submitted to the card networks on June 10, 2016. Based on PFI report, credit cards used at all O’Charley’s restaurants (other than three franchised locations) from March 18, 2016, to April 8, 2016 may have been affected.

To date, the Company has reimbursed Fifth Third Bank for fines arising under the MasterCard Security Rules and Procedures (Merchant Edition) in the amount of $0.6 million. The Company has also reimbursed Fifth Third Bank for an assessment under the VISA Global Compromised Account Recovery (GCAR) rules and PCI penalty in the amount of $1.8 million. The Company has received insurance reimbursements equal to $2.0 million relating to the MasterCard and VISA assessments. Any additional amounts imposed by other card issuers will depend on a variety of factors, including the specific facts and circumstances of the incident, including the number of cards used to make unauthorized purchases, and the exercise of discretion by each card network. O'Charley's could also face lawsuits by individual cardholders for unauthorized charges if the individuals are not fully compensated by the card brands. However, individual cardholders generally have no liability for unauthorized charges under the card brand rules, and O'Charley's has received no notice of any such lawsuits to date.

O'Charley's is the defendant in a lawsuit, Otis v. O'Charley's, LLC, filed on July 13, 2016, in U.S. District Court, Central District of Illinois. The lawsuit purports to bring a national class action on behalf of all O'Charley's servers and bartenders under the Fair Labor Standards Act and similar state laws. The complaint alleges that O'Charley's failed to pay plaintiffs the applicable minimum wage and overtime by requiring tipped employees to: (a) spend more than twenty percent of their time performing non-tipped duties, including dishwashing, food preparation, cleaning, maintenance, and other "back of the house" duties; and (b) perform "off the clock" work. Plaintiffs seek damages and declaratory relief. The named plaintiffs and members of the putative class are parties to employment agreements with O'Charley's that provide, inter alia, for individual arbitration of potential claims and disputes. On October 25, 2016, the District Court entered an Order staying all proceedings in the Otis case pending the United States Supreme Court's resolution of certain petitions for certiorari filed in several Circuit Courts of Appeals cases that address the issue of whether agreements between employers and employees to arbitrate disputes on an individual basis are enforceable under the Federal Arbitration Act. The Order provides that, if certiorari is granted in any of the Circuit Courts of Appeals cases, the stay of the Otis case will continue until the Supreme Court reaches a final decision on the merits in the cases. On January 13, 2017, the Supreme Court granted certiorari in three of the Circuit Courts of Appeals cases that address the enforceability of arbitration agreements. Accordingly, the proceedings in the Otis case are stayed until the Supreme Court reaches a final decision on the merits in the three cases.

Operating Leases

Future minimum operating lease payments are as follows (in millions):

2018	$	61.7
2019		57.0
2020		50.6
2021		43.5
2022		32.5
Thereafter		131.5
Total future minimum operating lease payments	$	376.8

Rent expense incurred under operating leases during the years ended December 31, 2017, 2016 and 2015 was $61.9 million, $64.5 million, and $74.8 million, respectively. Rent expense in the year ended December 31, 2016 also included abandoned lease charges related to office closures of $6.9 million related to the termination of leases associated with the sale of the Max and Erma's restaurant concept. No abandoned lease charges were recorded in the years ended December 31, 2017 and 2015.

Unconditional Purchase Obligations

The Restaurant Group has unconditional purchase obligations with various vendors. These purchase obligations are primarily food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. We used both historical and projected volume and pricing as of December 31, 2017 to determine the amount of the obligations.

Purchase obligations as of December 31, 2017 are as follows (in millions):

2018	$ 220.3
2019	26.2
2020	17.0
2021	4.4
2022	3.3
Thereafter	—
Total purchase commitments	$ 271.2

Note N. Discontinued Operations

OneDigital

On June 6, 2017, we completed the sale of OneDigital. As a result of the sale of OneDigital we have reclassified the assets and liabilities divested as held for sale as of December 31, 2016. Further, the financial results of the businesses sold have been reclassified to discontinued operations for all periods presented in our Consolidated and Combined Statements of Operations. We retained no ownership in OneDigital and have no continuing involvement with OneDigital as of the date of the sale.

A reconciliation of the operations of OneDigital to the Consolidated and Combined Statement of Operations is shown below:

	Year Ended December 31,		
	2017	2016	2015
	(in millions)		
Revenues:			
Other operating revenue	$ 80.9	$ 148.3	$ 116.4
Total operating revenues	80.9	148.3	116.4
Operating expenses:			
Personnel costs	56.9	94.8	75.7
Depreciation and amortization	8.8	18.1	15.7
Other operating expenses	11.3	27.1	17.0
Total operating expenses	77.0	140.0	108.4
Operating income	3.9	8.3	8.0
Other income (expense):			
Interest expense	(2.9)	(4.8)	(3.0)
Realized gain	276.0	—	—
Total other income (expense)	273.1	(4.8)	(3.0)
Earnings from continuing operations before income taxes	277.0	3.5	5.0
Income tax expense	129.3	1.5	2.2
Net earnings from discontinued operations	147.7	2.0	2.8
Cash flow from discontinued operations data:			
Net cash provided by operations	$ 17.3	$ 27.6	$ 17.9
Net cash used in investing activities	(27.3)	(51.9)	(30.0)

Other acquisitions/disposals of businesses, net of cash acquired, on the Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2017, 2016, and 2015 includes $25.9 million, $48.3 million, and $26.1 million, respectively, related to acquisitions made by OneDigital. Borrowings on the Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2017 and 2016 includes $23.0 million and $38.0 million, respectively, related to borrowings made by OneDigital. Debt service payments on the Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2017 and 2016 includes $3.0 million and $7.5 million, respectively, related to debt principal payments made by OneDigital.

A reconciliation of the financial position of OneDigital to the Consolidated and Combined Balance Sheet is shown below:

	December 31, 2016
Cash and cash equivalents	$ 4.7
Trade receivables	13.6
Prepaid expenses and other current assets	3.5
Total current assets of discontinued operations	21.8
Property and equipment, net	3.0
Deferred tax assets	17.0
Other intangible assets, net	115.6
Goodwill	104.7
Other long term investments and noncurrent assets	1.6
Total noncurrent assets of discontinued operations	241.9
Total assets of discontinued operations	$ 263.7
Accounts payable and other accrued liabilities, current	$ 28.5
Income taxes payable	3.4
Total current liabilities of discontinued operations	31.9
Long term notes payable	128.7
Accounts payable and other accrued liabilities, long term	21.4
Total noncurrent liabilities of discontinued operations	150.1
Total liabilities of discontinued operations	$ 182.0

Note O. Employee Benefit Plans

Omnibus Plan

In 2017, we established the 2017 Omnibus Incentive Plan (the “Omnibus Plan”) authorizing the issuance of up to 3.9 million shares of common stock, subject to the terms of the Omnibus Plan. The 2017 Omnibus Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and performance shares, performance units, other cash and stock-based awards and dividend equivalents. As of December 31, 2017, there were 287,059 shares of CNNE restricted stock outstanding (the "CNNE Awards") under the Omnibus Plan. Awards granted are approved by the Compensation Committee of the Board of Directors of the Company.

Restricted stock transactions under the Omnibus Plan in 2017 are as follows:

	Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2016	—	$ —
Granted	287,059	18.45
Balance, December 31, 2017	287,059	$ 18.45

Compensation cost relating to share-based payments is recognized in the Consolidated and Combined Statements of Earnings based on the grant-date fair value of each award. Using the fair value method of accounting, compensation cost is measured based on the fair value of the award at the grant date and recognized over the service period of 3 years. Fair value of restricted stock awards and units is based on the grant date value of the underlying stock derived from quoted market prices. Net earnings attributable to Cannae reflects stock-based compensation expense for the CNNE Awards of $0.2 million for the year ended December 31, 2017, which are included in personnel costs on the Consolidated and Combined Statements of Operations. There was no expense related to CNNE Awards in 2016 or 2015. The total fair value of restricted stock awards granted in the year ended December 31, 2017 was $5.3 million.

As of December 31, 2017, the unrecognized compensation cost related to the CNNE Awards is $5.1 million and is expected to be recognized over a period of three years.

FNFV Restricted Stock Awards

Prior to the Split-Off, we historically participated in FNF's Omnibus Incentive Plan (the " FNF Omnibus Plan") which provided for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and performance shares, performance units, other cash and stock-based awards and dividend equivalents in either of FNF's two former classes of common stock, FNF Group and FNFV Group. As of December 31, 2017 there were no shares of FNFV Group restricted stock outstanding (the "FNFV Awards") under the FNF Omnibus Plan.

Prior to the Split-Off, stock-based compensation related to FNFV Awards was allocated to us by FNF. Compensation cost relating to share-based payments is recognized in the Consolidated and Combined Financial Statements based on the fair value of each award. Using the fair value method of accounting, compensation cost is measured based on the fair value of the award at the grant date and recognized over the service period of 3 years. Fair value of restricted stock awards and units is based on the grant date value of the underlying stock derived from quoted market prices. Net earnings attributable to FNFV reflects the allocation of stock-based compensation expense for the FNFV Awards of $4.2 million, $4.7 million, and $9.9 million for the years ended December 31, 2017, 2016 and 2015, respectively which are included in personnel costs on the Consolidated and Combined Statements of Operation.

As of December 31, 2017, there was no remaining unrecognized compensation cost related to the FNFV Awards.

Note P. Concentration of Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

We place cash equivalents with high credit quality financial institutions and, by policy, limit the amount of credit exposure with any one financial institution.

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up our customer base, thus spreading the trade receivables credit risk. We control credit risk through monitoring procedures.

ABRH obtains a majority of its restaurant food products and supplies from four distributors. Although we believe alternative vendors could be found in a timely manner, any disruption of these services could potentially have an adverse impact on ABRH's operating results.

Note Q. Segment Information

Summarized financial information concerning our reportable segments is shown in the following tables. There are several intercompany corporate related arrangements between our various businesses. The effects of these arrangements including intercompany notes and related interest and any other non-operational intercompany revenues and expenses have been eliminated in the segment presentations below.

As of and for the year ended December 31, 2017:

	Restaurant Group	T-System	Ceridian	Corporate and Other	Ceridian Elimination	**Total**
	(in millions)					
Restaurant revenues	$ 1,129.0	$ —	$ —	$ —	$ —	**$ 1,129.0**
Other revenues	—	12.9	751.7	27.6	(751.7)	**40.5**
Revenues from external customers	1,129.0	12.9	751.7	27.6	(751.7)	**1,169.5**
Interest and investment income, including realized gains and losses	—	—	—	10.2	—	**10.2**
Total revenues	1,129.0	12.9	751.7	37.8	(751.7)	**1,179.7**
Depreciation and amortization	43.6	3.1	57.9	2.6	(57.9)	**49.3**
Interest expense	(6.6)	—	(86.6)	(0.4)	86.6	**(7.0)**
(Loss) earnings from continuing operations, before income taxes and equity in earnings (loss) of unconsolidated affiliates	(36.1)	(0.9)	(51.8)	(38.2)	51.8	**(75.2)**
Income tax expense (benefit)	0.7	(2.4)	(43.9)	(14.9)	43.9	**(16.6)**
(Loss) earnings from continuing operations, before equity in earnings (loss) of unconsolidated affiliates	(36.8)	1.5	(7.9)	(23.3)	7.9	**(58.6)**
Equity in earnings of unconsolidated affiliates	0.1	—	—	1.4	1.9	**3.4**
(Loss) earnings from continuing operations	$ (36.7)	$ 1.5	$ (7.9)	$ (21.9)	$ 9.8	**$ (55.2)**
Assets	$ 501.0	$ 221.2	$ 6,832.9	$ 765.0	$ (6,832.9)	**$ 1,487.2**
Goodwill	103.1	99.6	2,087.3	—	(2,087.3)	**202.7**

As of and for the year ended December 31, 2016:

	Restaurant Group	Ceridian	Corporate and Other	Ceridian Elimination	**Total**
			(in millions)		
Restaurant revenues	$ 1,157.6	$ —	$ —	$ —	**$ 1,157.6**
Other revenues	—	704.2	20.8	(704.2)	**20.8**
Revenues from external customers	1,157.6	704.2	20.8	(704.2)	**1,178.4**
Interest and investment (loss) income, including realized gains and losses	(2.5)	—	15.1	—	**12.6**
Total revenues	1,155.1	704.2	35.9	(704.2)	**1,191.0**
Depreciation and amortization	42.4	57.3	2.3	(57.3)	**44.7**
Interest expense	(4.7)	(87.4)	(0.5)	87.4	**(5.2)**
Earnings (loss) from continuing operations, before income taxes and equity in losses of unconsolidated affiliates	0.8	(87.6)	4.4	87.6	**5.2**
Income tax expense (benefit)	0.4	17.8	(10.8)	(17.8)	**(10.4)**
Earnings (loss) from continuing operations, before equity in losses of unconsolidated affiliates	0.4	(105.4)	15.2	105.4	**15.6**
Equity in losses of unconsolidated affiliates	—	—	(0.4)	(29.1)	**(29.5)**
Earnings (loss) from continuing operations	$ 0.4	$ (105.4)	$ 14.8	$ 76.3	**$ (13.9)**
Assets	$ 497.2	$ 6,426.5	$ 976.1	$ (6,426.5)	**$ 1,473.3**
Goodwill	103.1	2,058.0	—	(2,058.0)	**103.1**

As of and for the year ended December 31, 2015:

	Restaurant Group	Ceridian	Corporate and Other	Ceridian Elimination	**Total FNFV**
			(in millions)		
Restaurant revenues	$ 1,412.3	$ —	$ —	$ —	**$ 1,412.3**
Other revenues	—	693.9	2.4	(693.9)	**2.4**
Revenues from external customers	1,412.3	693.9	2.4	(693.9)	**1,414.7**
Interest and investment (loss) income, including realized gains and losses	(0.5)	—	14.3	—	**13.8**
Total revenues	1,411.8	693.9	16.7	(693.9)	**1,428.5**
Depreciation and amortization	48.9	56.0	0.9	(56.0)	**49.8**
Interest expense	(5.9)	(87.8)	0.4	87.8	**(5.5)**
Earnings (loss) from continuing operations, before income taxes and equity in earnings (loss) of unconsolidated affiliates	7.6	(55.7)	(11.4)	55.7	**(3.8)**
Income tax (benefit) expense	(1.8)	8.6	(17.9)	(8.6)	**(19.7)**
Earnings (loss) from continuing operations, before equity in earnings (loss) of unconsolidated affiliates	9.4	(64.3)	6.5	64.3	**15.9**
Equity in (losses) earnings of unconsolidated affiliates	—	—	1.2	(27.2)	**(26.0)**
Earnings (loss) from continuing operations	$ 9.4	$ (64.3)	$ 7.7	$ 37.1	**$ (10.1)**
Assets	$ 507.6	$ 7,186.4	$ 961.9	$ (7,186.4)	**$ 1,469.5**
Goodwill	102.7	2,008.5	—	(2,008.5)	**102.7**

The activities in our segments include the following:

- *Restaurant Group.* This segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH and its affiliates are the owners and operators of the O'Charley's, Ninety Nine Restaurants, Village Inn and Bakers Square food service and restaurant concepts, as well as the Legendary Baking bakery operation. This segment also included the results of operations of J. Alexander's through the date which it was distributed to holders of FNFV Group tracking stock, September 28, 2015, and the Max & Erma's restaurant concept, which was sold pursuant to an APA on January 25, 2016.

- *Ceridian.* This segment consists of our 33% ownership interest in Ceridian. Ceridian, through its operating subsidiary Ceridian HCM, is a global company that offers a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance and work-life programs, and recruitment and applicant screening. Ceridian HCM's cloud offering, Dayforce, is a cloud solution that meets HCM needs with one

employee record and one user experience throughout the application. Dayforce enables organizations to process payroll, maintain human resources records, manage benefits enrollment, schedule staff, and find and hire personnel, while monitoring compliance throughout the employee life cycle. Our chief operating decision maker reviews the full financial results of Ceridian for purposes of assessing performance and allocating resources. Thus, we have included the full financial results of Ceridian in the table above. We account for our investment in Ceridian under the equity method of accounting and therefore its results of operations do not consolidate into ours. Accordingly, we have presented the elimination of Ceridian's results in the *Ceridian Elimination* section of the segment presentation above.

- *T-System.* This segment consists of the operations of our wholly-owned subsidiary, T-System, acquired on October 16, 2017. T-System is a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities. T-System organizes itself into two businesses. The Clinical Documentation business offers software solutions providing clinical staff with full workflow operations that drive documentation completeness and revenue optimization to more than 435 customers. Additionally, the patented T-Sheet is the industry standard for emergency department documentation, with more than 800 customers. The Coding Software & Outsourced Solutions business provides a full-service outsourced coding solution as well as a cloud-based software-as-a-service solution for self-service coding. These offerings help more than 75 customers at over 300 sites optimize their revenue cycle workflow and customer revenue reimbursement through improved coding accuracy and compliance and coder productivity compared to in-house coding

- *Corporate and Other.* This segment consists of our share in the operations of certain controlled portfolio companies and other equity investments as well as certain intercompany eliminations and taxes. Total assets for this segment as of December 31, 2016 and 2015 also include the assets of One Digital. See Note N *Discontinued Operations* for further details.

Note R. Related Party Transactions

FNF

As a former wholly-owned subsidiary of FNF, we have incurred payables related to historical intercompany transactions, taxes and cost allocations between us and FNF. FNF forgave these historical intercompany receivables due from us which amounted to $4.5 million, $9.5 million, and $2.2 million in the years ended December 31, 2017, 2016, and 2015, respectively.

The Company is allocated certain corporate overhead and management services expenses from FNF based on the terms of the CSA and our proportionate share of the expense determined on actual usage and our best estimate of management's allocation of time. Total operating expenses allocated from FNF to us was $9.5 million, $9.3 million and $16.9 million in the years ended December 31, 2017, 2016 and 2015, respectively, which includes $0.1 million related to activity allocated to us after consummation of the Split-Off.

On November 16, 2017, certain subsidiaries of FNF contributed an aggregate of $100.0 million to us (the "FNF Investment") in exchange for 5,706,134 shares of Cannae common stock.

We have a $100.0 million Revolver Note with FNF. As of December 31, 2017 and 2016, there is no outstanding balance under the FNF Revolver or Revolver Note. Refer to Note K *Notes Payable* for further discussion.

Sale of Max & Erma's

On January 25, 2016, ABRH completed the sale of its Max & Erma's restaurant concept for $6.5 million pursuant to an APA. The buyer was a joint venture formed by Newport Global Opportunities Fund 1-A AIV LP and Glacier Restaurant Group ("GRG"), a restaurant owner and operator majority-owned by William P. Foley II, the Chairman of FNF's Boards of Directors. The transaction included the sale of 26 restaurants to GRG along with all Max & Erma's tradenames/trademarks and franchise operations, and other assets and liabilities. While the real estate leases for the 25 leased restaurants were assigned to the buyer, ABRH was not released from liability under the leases and remains liable in the event the buyer fails to pay amounts due thereunder. As of December 31, 2017, the maximum amount of this guarantee is $23.1 million.

Note S. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a new comprehensive revenue recognition model that requires companies to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update permits the use of either the retrospective or cumulative effect transition method. ASU No. 2016-08, *Revenue from Contracts with*

Customers (Topic 606): Principal versus Agent Considerations was issued by FASB in March 2016 to clarify the principal versus agent considerations within ASU 2014-09. ASU 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* was issued by the FASB in April 2016 to clarify how to determine whether goods and services are separately identifiable and thus accounted for as separate performance obligations. ASU 2016-12 *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* was issued by the FASB in May 2016 to clarify certain terms from the aforementioned updates and to add practical expedients for contracts at various stages of completion. ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, was issued by the FASB in December 2016 which includes thirteen technical corrections and improvements affecting narrow aspects of the guidance issued in ASU 2014-09. Upon issuance of ASU 2015-14, the effective date of ASU 2014-09 was deferred to annual and interim periods beginning on or after December 15, 2017. We will adopt the guidance on January 1, 2018. Either of the following transition methods is permitted: (i) a full retrospective approach reflecting the application of the new standard in each prior reporting period, or (ii) a modified retrospective approach with a cumulative-effect adjustment to the opening balance of retained earnings in the year the new standard is first applied. We expect to adopt the new guidance under the modified retrospective approach and, while we expect to record a cumulative-effect adjustment, we do not expect the new guidance to have a material impact on our Consolidated and Combined Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)*. The amendments in this ASU introduce broad changes to the accounting and reporting for leases by lessees. The main provisions of the new standard include: clarifications to the definitions of a lease, components of leases, and criteria for determining lease classification; requiring virtually all leased assets, including operating leases and related liabilities, to be reflected on the lessee's balance sheet; and expanding and adding to the required disclosures for lessees. This update is effective for annual and interim periods beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the standard is permitted. The ASU requires a modified retrospective approach to transitioning which allows for the use of practical expedients to effectively account for leases commenced prior to the effective date in accordance with previous GAAP, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. We are still evaluating the totality of the effects this new guidance will have on our business process and systems, Consolidated and Combined Financial Statements and related disclosures. We have identified a vendor with software suited to track and account for leases under the new standard. We plan to adopt this standard on January 1, 2019.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU introduce broad changes to accounting for credit impairment of financial instruments. The primary updates include the introduction of a new current expected credit loss ("CECL") model that is based on expected rather than incurred losses and amendments to the accounting for impairment of debt securities available for sale. This update is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the effect this new guidance will have on our Consolidated and Combined Financial Statements and related disclosures and have not yet concluded on its effects. We do not plan to early adopt the standard.

In August 2016, the FASB issued ASU No. 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this ASU introduce clarifications to the presentation of certain cash receipts and cash payments in the statement of cash flows. The primary updates include additions and clarifications of the classification of cash flows related to certain debt repayment activities, contingent consideration payments related to business combinations, proceeds from insurance policies, distributions from equity method investees, and cash flows related to securitized receivables. This update is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption of this ASU is permitted, including in interim periods. The ASU requires retrospective application to all prior periods presented upon adoption. We adopted this ASU on January 1, 2018 and based on our preliminary analysis, we do not expect the adoption of this ASU to have a material impact on our resulting operating, investing, or financing cash flows.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* to assist companies with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The new guidance requires a company to evaluate if substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the guidance for revenue from contracts with customers. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The guidance should be applied prospectively to any transactions occurring within the period of adoption. We adopted this ASU on January 1, 2018. Based on our historical acquisition activity, we do not expect this to have a material impact on our ongoing accounting or financial reporting.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The guidance simplifies the measurement of goodwill impairment by removing step 2 of the goodwill impairment test, which requires the determination of the fair value of individual assets and liabilities of a reporting unit. The new guidance requires goodwill impairment to be measured as the amount by which a reporting unit's carrying value exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendments should be applied on a prospective basis. The new standard is effective for fiscal years beginning after December 15, 2019 with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. We have completed our evaluation of the effect this new guidance will have on our Consolidated and Combined Financial Statements and related disclosures and have concluded that the effect will not be material. We do not expect to early adopt this standard.

Note T. Supplementary Cash Flow Information

The following supplemental cash flow information is provided with respect to interest and tax payments, as well as certain non-cash investing and financing activities.

	Year Ended December 31,		
	2017	2016	2015
	(In millions)		
Cash paid during the year:			
Interest	$ 8.7	$ 8.7	$ 7.4
Income taxes	117.7	4.0	53.6
Non-cash financing activities:			
Liabilities and noncontrolling interests assumed in connection with acquisitions (1):			
Fair value of net assets acquired	$ 252.5	$ 92.0	$ 31.5
Less: Total cash purchase price	222.7	75.8	24.7
Liabilities and noncontrolling interests assumed	$ 29.8	$ 16.2	$ 6.8
Debt extinguished through the sale of OneDigital	$ 151.1	$ —	$ —

(1) See Note B for further discussion of assets and liabilities acquired in business combinations in the years ended December 31, 2017 and 2016.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

As of the end of the year covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Act is: (a) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms; and (b) accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Exemption from Management's Report on Internal Control Over Financial Reporting for 2017

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's independent registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Item 9B. ***Other Information***

None.

PART III

Items 10-14.

Within 120 days after the close of our fiscal year, we intend to file with the Securities and Exchange Commission the matters required by these items.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K***

(a) (1) *Financial Statements.* The following is a list of the Consolidated and Combined Financial Statements of Cannae Holdings, Inc. and its subsidiaries included in Item 8 of Part II:

Reports of Independent Registered Public Accounting Firms on Consolidated and Combined Financial Statements	36
Consolidated and Combined Balance Sheets as of December 31, 2017 and 2016	38
Consolidated and Combined Statements of Operations for the years ended December 31, 2017, 2016, and 2015	39
Consolidated and Combined Statements of Comprehensive Earnings (Loss) for the years ended December 31, 2017, 2016, and 2015	40
Consolidated and Combined Statements of Equity for the years ended December 31, 2017, 2016, and 2015	41
Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2017, 2016, and 2015	42
Notes to Consolidated and Combined Financial Statements	43

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated and Combined Financial Statements or notes thereto.

(a) (2) The following exhibits are incorporated by reference or are set forth on pages to this Form 10-K:

Exhibit Number	Description
2.1	Reorganization Agreement, dated as of November 17, 2017, between Cannae Holdings, Inc. and Fidelity National Financial, Inc. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed November 20, 2017)
3.1	Restated Certificate of Incorporation of Cannae Holdings, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K, filed November 20, 2017)
3.2	Restated Bylaws of Cannae Holdings, Inc. (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.1	Revolver Note, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Fidelity National Financial, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.2	Tax Matters Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Fidelity National Financial, Inc. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.3	Corporate Services Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Fidelity National Financial, Inc. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.4	Voting Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Fidelity National Financial, Inc. (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.5	Registration Rights Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Chicago Title Insurance Company. (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.6	Registration Rights Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Fidelity National Title Insurance Company (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.7	Registration Rights Agreement, dated as of November 17, 2017, by and between Cannae Holdings, Inc. and Commonwealth Land Title Insurance Company (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K, filed November 20, 2017)
10.8	First Amendment to Credit Agreement, dated as of February 24, 2017, by and among ABRH, LLC, a Delaware limited liability company, and Fidelity Holdings, LLC, as the borrowers, and Wells Fargo Bank, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 to FNF's Current Report on Form 8-K (File No. 001-32630), filed with the SEC on March 2, 2017).
10.9	Master Assignment and Assumption, dated as of March 13, 2018, by and between Cannae Holdings, LLC as the assignee, Wells Fargo Bank, N.A. as assignor, and other assignors party thereto
10.10	Agency Succession Agreement, dated as of March 13, 2018, by and between Cannae Holdings, LLC and Wells Fargo Bank, N.A.
10.11	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement under Cannae Holdings, Inc. 2017 Omnibus Incentive Plan (time-based vesting) for November 2017 Awards (1)
10.12	Second Amendment to Credit Agreement, dated as of March 15, 2018, by and among ABRH, LLC, a Delaware limited liability company, and Fidelity Holdings, LLC, as the borrowers, and Cannae Holdings, LLC as administrative agent
21.1	List of Subsidiaries
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of KPMG LLP with respect to reports related to Fidelity National Financial Ventures Operations.
23.3	Consent of KPMG LLP with respect to reports related to Ceridian Holding LLC.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
99.1	Audited Financial Statements of Ceridian Holding LLC as of and for the year ended December 31, 2017
101	The following materials from Cannae Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated and Combined Balance Sheets, (ii) the Consolidated and Combined Statements of Operations, (iii) the Consolidated and Combined Statements of Comprehensive Earnings (Loss), (iv) the Consolidated and Combined Statements of Stockholders' Equity, (v) the Consolidated and Combined Statements of Cash Flows, and (vi) the Notes to Consolidated and Combined Financial Statements.

(1) A management or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 15(c) of Form 10-K

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cannae Holdings, Inc.

By: */s/ Brent B. Bickett*

Brent B. Bickett

President (Principal Executive Officer)

Date: March 26, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Brent B. Bickett* Brent B. Bickett	President (Principal Executive Officer)	March 26, 2018
/s/ *Richard L. Cox* Richard L. Cox	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 26, 2018
/s/ *William P. Foley, II* William P. Foley, II	Director	March 26, 2018
/s/ *Hugh R. Harris* Hugh R. Harris	Director	March 26, 2018
/s/ C. Malcolm Holland C. Malcolm Holland	Director	March 26, 2018
/s/ Frank R. Martire Frank R. Martire	Director	March 26, 2018
/s/ James B. Stallings, Jr. James B. Stallings, Jr.	Director	March 26, 2018
/s/ Frank P. Willey Frank P. Willey	Director	March 26, 2018

EXHIBIT 10.9

MASTER ASSIGNMENT AND ASSUMPTION

This Master Assignment and Assumption (the "Assignment and Assumption") is dated as of March 13, 2018 and is entered into by and between each Assignor identified in item 1 below (each, an "Assignor") and the Assignee identified in item 2 below (the "Assignee"). It is understood and agreed that the rights and obligations of the Assignors hereunder are several and not joint. Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full. Notwithstanding anything to the contrary in this Assignment and Assumption, the Assignee reserves the right to designate one or more alternative purchasers which may, on the Effective Date (as defined below), purchase any or all of the Assigned Interest pursuant to the terms set forth herein; provided, however, that any such alternative purchaser must execute a joinder to this Assignment and Assumption as an assignee hereunder and satisfy the standard know your customer requirements of the Lenders (and the assignment to such alternative purchaser must not otherwise violate applicable law) and the Assignee shall remain obligated to ensure that all of the Assigned Interest is purchased on the Effective Date.

For an agreed consideration and as set forth in Schedule 1 attached hereto and pursuant to the wiring instructions set forth therein, each Assignor shall irrevocably sell and assign to the Assignee, and the Assignee shall irrevocably purchase and assume from the respective Assignors, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of March 15, 2018 (the "Effective Date") as contemplated below (i) all of the respective Assignors' rights and obligations in their respective capacities as Lenders under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the respective Assignors under the respective facilities identified below (including, without limitation, any Letters of Credit, guarantees and Swingline Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the respective Assignors (in their respective capacities as Lenders) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by any Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as an "Assigned Interest"). Each such sale and assignment is without recourse to any Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by any Assignor. On or before 3:00 p.m. (eastern standard time) on the Effective Date, the Assignee shall deliver the amounts set forth in Schedule 1 to the Assignors in immediately available funds pursuant to the wiring instructions set forth in Schedule 1 (which amounts are calculated to include principal and all interest accrued through the Effective Date on such principal; it being agreed between each Assignor and the Assignee that should the Borrower make any payments with respect to the Assigned Interest or receive any additional Revolving Loans prior to the Effective Date, the amounts set forth on Schedule 1 shall be adjusted accordingly). If an Assignor received any originally executed promissory notes on account of the Assigned Interests, then on the Effective Date, such Assignor

shall either: (a) deliver its originally executed promissory notes to the Assignee for cancellation and replacement after the Effective Date; or (b) in the event that such Assignor cannot locate any such promissory note, it will execute and deliver an Affidavit of Lost Note in the form attached hereto as Exhibit A. For the avoidance of doubt, the Lenders' rights under the Credit Agreement and other Loan Documents shall not be assigned to the Assignee until the amounts set forth on Schedule 1 have been paid by the Assignee to the Lenders and the Borrower shall have satisfied the requirements of clauses (a) and (b) of paragraph 8.

1. Assignors: Wells Fargo Bank, National Association
Bank of America, N.A.
Citizens Bank, N.A.
Regions Bank
Cooperatieve Rabobank U.A., New York Branch
Fifth Third Bank

2. Assignee: Cannae Holdings, LLC

3. Borrower: ABRH, LLC, a Delaware limited liability company

4. Administrative Agent: Wells Fargo Bank, National Association, as the administrative agent under the Credit Agreement.

5. Credit Agreement: Credit Agreement dated as of August 19, 2014, as amended, modified, extended, restated, replaced or supplemented from time to time, among the Borrower, the other Credit Parties from time to time party thereto, the lenders and other financial institutions from time to time party thereto, and Wells Fargo Bank, National Association, as Administrative Agent.

6. Assigned Interests:

a) Revolving Credit

Assignors	Assignees	Facility Assigned	Aggregate Amount of Commitment/ Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/ Loans
Wells Fargo Bank, National Association	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$11,428,571.43	19.047619050%
Bank of America, N.A.	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$11,428,571.43	19.047619050%
Citizens Bank, N.A.	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$10,000,000.00	16.666666667%
Regions Bank	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$10,000,000.00	16.666666667%
Cooperatieve Rabobank U.A., New York Branch	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$10,000,000.00	16.666666667%
Fifth Third Bank	Cannae Holdings, LLC	Revolving Credit	$60,000,000.00	$7,142,857.14	11.904761900%
TOTAL				$60,000,000.00	100%

b) Term Loans

Assignors	Assignees	Facility Assigned	Aggregate Amount of Commitment/ Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/ Loans
Wells Fargo Bank, National Association	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$20,952,380.95	19.047619048%
Bank of America, N.A.	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$20,952,380.95	19.047619048%
Citizens Bank, N.A.	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$18,333,333.33	16.666666667%
Regions Bank	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$18,333,333.33	16.666666667%
Cooperatieve Rabobank U.A., New York Branch	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$18,333,333.33	16.666666667%
Fifth Third Bank	Cannae Holdings, LLC	Term Loan	$110,000,000.00	$13,095,238.11	11.904761918%
TOTAL				$110,000,000.00	100%

7. The parties hereto agree that: (a) the assignment fee set forth in Section 12.9(b)(iv) is hereby waived; and (b) the Assignee shall be deemed to be an Eligible Assignee.

8. Prior to the Effective Date, the Assignee intends to cause the Borrower to replace all outstanding Letters of Credit and return all Letters of Credit to the Issuing Lender for cancellation. The Assignee shall ensure that prior to the Effective Date the Borrower shall have: (a) in the event that any Letters of Credit remain outstanding on the Effective Date, Cash Collateralized all outstanding Letters of Credit by delivering to the Issuing Lender cash in the amount of $11,570,208 (the "Cash Collateral"), which amount shall serve as security for any fees, costs, charges, expenses or other losses or liabilities that are incurred by Wells Fargo Bank, National Association ("WFB") in connection with the outstanding Letters of Credit (the "Losses"), provided, however, that (i) if less than all of the currently outstanding Letters of Credit remain outstanding on the Effective Date, the Cash Collateral amount required to be posted shall be reduced to equal 105% of the then current face amount of such remaining outstanding Letters of Credit and (ii) in lieu of posting Cash Collateral with respect to any one or more of the Letters of Credit that remain outstanding on the Effective Date, the Borrower may cause any financial institution reasonably acceptable to WFB (it being agreed that City National Bank is acceptable) to deliver a backup letter of credit (in a form reasonably acceptable to WFB) to WFB as beneficiary in the amount of the Cash Collateral that otherwise would have been required to be posted with respect to such remaining outstanding Letter of Credit; and (b) reimbursed the Administrative Agent for all outstanding fees and costs (including, without limitation, the outstanding fees and costs of counsel to the Administrative Agent and any Assigning Lender) associated with the Credit Parties or this Assignment and Assumption to the extent that invoices for such fees and costs have been delivered to Borrower prior to the Effective Date. Within ten (10) Business Days following the termination of any undrawn Letter of Credit, the Cash Collateral (or backup letter of credit, as applicable) for such Letter of Credit (after deducting any Losses associated with the Letter of Credit) shall be returned to the Borrower; provided, however, that at all times Wells Fargo Bank, National Association shall be permitted to retain Cash Collateral (and backup letters of credit, as applicable) in an amount equal to 105% of the face amount of all outstanding Letters of Credit. The transactions contemplated by that certain Agency Succession Agreement dated as of the date hereof by and between the Administrative Agent and Cannae Holdings, LLC shall be deemed to occur simultaneously with the Effective Date.

9. On and after the Effective Date: (a) the Assignee shall assume the obligations of the L/C Participants, and the Assignors shall have no further obligations as L/C Participants; and (b) Wells Fargo Bank, National Association shall resign as Issuing Lender and shall not issue or renew any Letters of Credit.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The terms set forth in this Master Assignment and Assumption are hereby agreed to:

ASSIGNORS:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: */s/ Reginald T. Dawson*
Name: Reginald T. Dawson
Title: Senior Vice President

BANK OF AMERICA, N.A.

By: */s/ Heather Strickland*
Name: Heather Strickland
Title: Senior Vice President

CITIZENS BANK, N.A.

By: */s/ John F. Kendrick*
Name: John F. Kendrick
Title: Vice President

REGIONS BANK

By: */s/ Margaret Renou*
Name: Margaret Renou
Title: Senior Vice President

COOPERATIEVE RABOBANK U.A., NEW YORK BRANCH

By: */s/John S. Yusi III*
Name: John S. Yusi III
Title: Executive Director

By: */s/Salvatore Esposito*
Name: Salvatore Esposito
Title: Managing Director

FIFTH THIRD BANK

By: */s/Joseph R. Yeazell*
Name: Joseph R. Yeazell
Title: Vice President

ASSIGNEE:

CANNAE HOLDINGS, LLC

By: */s/Richard L. Cox*
Name: Richard L. Cox
Title: Managing Director and Chief Financial Officer

Consented to and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: */s/Reginald. T. Dawson*
Name: Reginald T. Dawson
Title: Senior Vice President

Consented to:

ABRH, LLC

By: */s/ W. Craig Barber*
Name: W. Craig Barber
Title: President

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignors. Each Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the relevant Assigned Interest, (ii) such Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements set forth in the definition of Eligible Assignee and in subsections 12.9(b)(v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 12.9(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the relevant Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 8.1 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase such Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase such Assigned Interest, and (vii) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, any Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of each Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee regardless of whether such amounts have accrued prior to or after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a “signature” of this Assignment and Assumption by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

AFFIDAVIT OF LOST NOTE

The undersigned is the sole owner of the [__________ Note] dated [August 19, 2014] issued by ABRH, LLC, a Delaware limited liability company (the "Company"), in favor of the undersigned in the original principal amount of $[_____________] (the "Note") pursuant to that certain Credit Agreement dated as of August 19, 2014 among Fidelity Newport Holdings, LLC, the Company, as borrower, the lenders referred to therein and Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing lender, as amended (the "Credit Agreement"). A copy of the Note is attached to this Affidavit as Exhibit A. The undersigned hereby represents and warrants that it has never endorsed, delivered, transferred, assigned or otherwise disposed of the Note in any manner that would give any other person any interest therein, except with respect to the assignment to the New Holder; that it has searched diligently for the Note, but has been unable to locate it; and that the Note has been lost, destroyed or stolen.

The undersigned agrees to indemnify, defend and save harmless the Company from any and all claims, loss or damage whatsoever arising out of, or related in any manner to, the representations made by the undersigned hereunder. The undersigned agrees that in the event the undersigned locates the Note, it shall promptly deliver the Note to Nelson, Mullins, Riley & Scarborough, LLP (Attention: Francis C. Pray, Jr.), at 301 South College Street, 23rd Floor, Charlotte, NC 28202.

The undersigned acknowledges and agrees that all of the obligations owed to the undersigned evidenced by the Note, the Credit Agreement and all other Loan Documents (as defined in the Credit Agreement) have been assigned to Cannae Holdings, LLC (the "New Holder"), on this date pursuant to a separate Master Assignment and Assumption Agreement of even date herewith and that, in reliance on the making of this Affidavit, the Company is issuing a replacement note for the Note to the New Holder.

[Signature appears on following page]

Dated: _______________

[NAME]

By:
Name:
Title:

STATE OF ________________
COUNTY OF _____________

This _________ day of ________________, personally came before me _____________________________________, who, being by me duly sworn, says that he **[she]** is the _________ of ________________________, and that said writing was signed by him **[her]**, on behalf of said entity, by its authority duly given. And the undersigned acknowledged the said writing to be the act and deed of said entity.

____
Notary Public

____
Notary's printed or typed name

My commission expires:

____

[NOTARIAL SEAL]

Exhibit A

A copy of the Note follows this page.

SCHEDULE 1

ASSIGNMENT INSTRUCTIONS

Lender	Total Payment Amount	Wiring Instructions
Wells Fargo Bank, National Association	$23,608,613.58	Wells Fargo Bank, N.A. Charlotte, NC USA ABA/ Routing Number: XXXXXX Account Number: XXXXXXXX Ref: ABRH LLC Attn: Financial Cash Controls
Bank of America, N.A.	$23,605,705.67	Bank of America, N.A. ABA/Routing Number: XXXXXX Account Number: XXXXXXXX Reference: ABRH LLC Attention: Wire clearing Acct for Synd Loans - LIQ
Citizens Bank, N.A.	$20,654,992.43	Citizens Bank One Citizens Drive Riverside, RI 02915 ABA/Routing Number: XXXXXXXX Account Number: XXXXXXXX Reference: ABRH LLC 880-1013363082 Attention: Jay Kendrick
Cooperatieve Rabobank U.A., New York Branch	$20,654,992.43	J.P.Morgan Chase New York ABA/Routing Number: XXXXX Account Number: XXXXX Reference: Rabobank New York

Regions Bank	$20,654,992.43	Regions Bank Birmingham, AL ABA/Routing Number: XXXXXX Account Name: Commercial Loan Services Account No.: XXXXXXXXXX Reference: ABRH LLC Attention: Florence Bullock
Fifth Third Bank	$14,753,566.03	Fifth Third Bank - Loan Sale Fifth Third Bank, Cincinnati, Ohio ABA/Routing Number: XXXXXXX Account Number: XXXXXXXX Attention: Wendi Merritt Loan Sale #: 0906102850

EXHIBIT 10.10

AGENCY SUCCESSION AGREEMENT

This AGENCY SUCCESSION AGREEMENT (this "Agreement") is entered into as of March 13, 2018, by and between WELLS FARGO BANK, NATIONAL ASSOCIATION ("WFB") and CANNAE HOLDINGS, LLC, a Delaware limited liability company ("Cannae").

R E C I T A L S:

WHEREAS, pursuant to that certain Credit Agreement dated as of August 19, 2014 among Fidelity Newport Holdings, LLC, a Delaware limited liability company ("FNH"), ABRH, LLC, a Delaware limited liability company ("ABRH"), as borrower, the lenders party thereto from time to time, and WFB, as administrative agent, swingline lender and issuing lender, which credit agreement was amended pursuant to that certain First Amendment to Credit Agreement dated as of February 22, 2017 among FNH, ABRH, the direct and indirect subsidiaries of ABRH identified therein as "guarantors," WFB, and the lenders party thereto (as so amended, the "Credit Agreement"), certain credit facilities were made available for the benefit of FNH, ABRH and the subsidiaries of ABRH (capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Credit Agreement); and

WHEREAS, Cannae and WFB are parties to that certain Master Assignment and Assumption dated as of the date hereof by and between the Assignors identified therein and the Assignee identified therein (the "Assignment and Assumption"), whereby the Assignors shall sell and assign the Assigned Interest (as defined therein) to the Assignee or its designees.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Agency Succession**. Contemporaneously with the closing of the transactions contemplated by the Assignment and Assumption to occur on the Effective Date (as defined therein), WFB will resign from its role as Administrative Agent under the Credit Agreement by executing and delivering the letter attached hereto as Exhibit A (the "Agent Resignation Letter"), and Cannae will succeed to the role of Administrative Agent under the Credit Agreement by executing and delivering the letter attached hereto as Exhibit B (the "Successor Agent Letter").

2. **Modification of this Agreement.** This Agreement may be changed, terminated or modified only by an agreement in writing signed by the parties with respect to which such modification applies.

3. **Successors and Assigns.** The covenants, agreements, rights and options contained in this Agreement shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto and all persons claiming by, through or under any of them.

4. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York.

5. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, collectively, shall constitute one agreement.

[Signature Pages Follow]

[Signature Page to Agency Succession Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written, with the intention that this Agreement take effect as an instrument under seal.

CANNAE HOLDINGS, LLC

By:
Name: Richard L. Cox
Title: Managing Director and Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION,

By:
Name:
Title:

EXHIBIT A

AGENT RESIGNATION LETTER

See attached.

March 15, 2018

ABRH, LLC
3038 Sidco Drive
Nashville, TN 37204
Attention: Steve Sparks, Chief Financial Officer
Facsimile: 615-782-5030

ABRH, LLC
3038 Sidco Drive
Nashville, TN 37204
Attention: Goodloe Partee, General Counsel
Facsimile: 615-782-5030

Wells Fargo Bank, National Association
MAC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, NC 28262
Attention: Syndication Agency Services
Facsimile: 704-715-0092

Wells Fargo Bank, National Association
1808 Aston Avenue, Suite 250
Carlsbad, CA 92008
Attention: Jacob Norton
Facsimile: 760-918-2727

Cannae Holdings, LLC
1701 Village Center Circle
Las Vegas, NV 89134
Attn: Mike Gravelle
702-323-7334
mgravelle@fnf.com

VIA FACSIMILE AND OVERNIGHT DELIVERY

Ladies and Gentlemen:

We refer to that certain Credit Agreement, dated as of August 19, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Fidelity Newport Holdings, LLC, as Holdings, ABRH, LLC, as Borrower, the Lenders party thereto from time to time and Wells Fargo Bank, National Association, as Administrative Agent ("Wells Fargo"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

Pursuant to Section 11.6 of the Credit Agreement, Wells Fargo hereby notifies each Lender and the Borrower that, effective as of March 15, 2018, Wells Fargo resigns as the Agent under the Credit Agreement and the other Loan Documents. As provided in Section 11.6 of the Credit Agreement, the Required Lenders may appoint a successor Agent (the "Successor Agent").

To the best of Wells Fargo's knowledge, Schedule A includes all currently existing material Loan Documents.

Signature page to follow

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Agent

By:______________________________
Name:
Title:

Schedule A

Loan Documents

1. Credit Agreement, dated as of August 19, 2014, as amended by that First Amendment to Credit Agreement, dated February 24, 2017, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and among Holdings, Borrower, the Lenders, and Administrative Agent.
2. Guaranty and Security Agreement, dated as of August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and among the Borrower, Holdings, the Grantors (as defined therein), and Administrative Agent.
3. Trademark Security Agreement, dated as of August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between American Blue Ribbon Holdings, LLC and Administrative Agent, recorded August 20, 2014 at US Patent and Trademark Office, Reel 005348/Frame 0417.
4. Copyright Security Agreement, dated as of August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between American Blue Ribbon Holdings, LLC and Administrative Agent, recorded December 18, 2014 at US Copyright Office.
5. Fee Letter Agreement dated July 21, 2014, among the Borrower, Administrative Agent and Wells Fargo Securities, LLC.
6. Irrevocable stock power executed in blank relating to Stock Certificate No. 1, dated as of July 25, 2014, with Borrower as the registered holder of 1000 shares of common stock of ABRH Management Services, Inc.
7. Irrevocable stock power executed in blank relating to Class A Share Certificate No. A-54, dated as of August 8, 2012, with O’Charley’s, LLC as the registered owner of 7,750 Class A Shares of Hugo’s Frog Bar-Naperville, LLC.
8. Allonge executed in blank relating to Revolving Promissory Note, dated March 14, 2012, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by American Blue Ribbon Holdings, LLC in favor of SVCC, LLC.
9. Allonge executed in blank relating to Note, dated March 31, 2012, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by O’Charley’s, LLC in favor of OPI, LLC.
10. Revolving Credit Note, dated August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by the Borrower in favor of Wells Fargo Bank, N.A.
11. Revolving Credit Note, dated August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by the Borrower in favor of Citizens Bank, National Association.
12. Term Loan Note, dated August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by the Borrower in favor of Wells Fargo Bank, N.A.
13. Term Loan Note, dated August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by the Borrower in favor of Citizens Bank, National Association.
14. Swingline Note, dated August 19, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, made by the Borrower in favor of Wells Fargo Bank, N.A.
15. Mortgage, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing, dated as of December 9, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between American Blue Ribbon Holdings, LLC and Administrative Agent regarding certain real property in Cook County, IL.

16. Deed of Trust, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing, dated as of December 9, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between O'Charley's, LLC and Administrative Agent regarding certain real property in Davidson County, TN.
17. Deed of Trust, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing, dated as of December 9, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between American Blue Ribbon Holdings, LLC and Administrative Agent regarding certain real property in Denver County, CO.
18. Mortgage, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing, dated as of December 9, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between American Blue Ribbon Holdings, LLC and Administrative Agent regarding certain real property in Carver County, MN.
19. Deposit Account Control Agreement, dated as of September 18, 2014, as amended, restated, supplemented or otherwise modified prior to the date hereof, by and between O'Charley's Management Company, Administrative Agent and Regions Bank.
20. Letter of Credit #NZS516179 from Wells Fargo Bank, N.A. for the benefit of Arrowood Indemnity Company in the amount of $43,000.00 with expiry date of August 1, 2018
21. Letter of Credit #NZS516182 from Wells Fargo Bank, N.A. for the benefit of Federal Insurance Company in the amount of $761,482.00 with expiry date of August 1, 2018
22. Letter of Credit #NZS625674 from Wells Fargo Bank, N.A. for the benefit of Arch Insurance Company in the amount of $729,764.00 with expiry date of August 1, 2018
23. Letter of Credit #SM202825 from Wells Fargo Bank, N.A. for the benefit of Safety National Casualty Corp in the amount of $3,900,000.00 with expiry date of April 16, 2018
24. Letter of Credit #SM202618 from Wells Fargo Bank, N.A. for the benefit of Employers Insurance of Wausau in the amount of $85,000.00 with expiry date of April 16, 2018
25. Letter of Credit #SM220033 from Wells Fargo Bank, N.A. for the benefit of Zurich American Insurance in the amount of $5,500,000.00 with expiry date of May 15, 2018
26. UCC Financing Statement listing Fidelity Newport Holdings, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324951)
27. UCC Financing Statement listing ABRH, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324829)
28. UCC Financing Statement listing American Blue Ribbon Holdings, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324936)
29. UCC Financing Statement listing SVCC, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Arizona on August 19, 2014 (File #2014-002-5745-5)
30. UCC Financing Statement listing O'Charley's LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Tennessee on August 19, 2014 (File #422020036)
31. UCC Financing Statement listing ABRH Management Services, Inc. as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324894)
32. UCC Financing Statement listing O'Charley's Service Company, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Tennessee on August 19, 2014 (File #422020136)

33. UCC Financing Statement listing O’Charley’s Sports Bar, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Alabama on August 19, 2014 (File #14-0356261)
34. UCC Financing Statement listing O’Charley’s Sports Bar Alabaster, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Alabama on August 19, 2014 (File #14-0356278)
35. UCC Financing Statement listing OPI, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Colorado on August 19, 2014 (File #2014078334)
36. UCC Financing Statement listing JFC Enterprises, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324985)
37. UCC Financing Statement listing O’Charley’s Management Company, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Tennessee on August 19, 2014 (File #422020191)
38. UCC Financing Statement listing O’Charley’s Restaurant Properties, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143325008)
39. UCC Financing Statement listing 99 Restaurants, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324795)
40. UCC Financing Statement listing 99 Commissary, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324555)
41. UCC Financing Statement listing 99 Restaurants of Boston, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Delaware on August 19, 2014 (File #20143324779)
42. UCC Financing Statement listing 99 West, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Massachusetts on August 19, 2014 (File #201414006110)
43. UCC Financing Statement listing 99 Restaurants of Massachusetts, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Massachusetts on August 19, 2014 (File #201414006020)
44. UCC Financing Statement listing 99 Restaurants of Vermont, LLC as debtor and Wells Fargo Bank, National Association, as Administrative Agent, as secured party, filed in Vermont on August 20, 2014 (File #14-273752)

EXHIBIT B

SUCCESSOR AGENT LETTER

See attached.

March 15, 2018

ABRH, LLC
3038 Sidco Drive
Nashville, TN 37204
Attention: Steve Sparks, Chief Financial Officer
Facsimile: 615-782-5030

ABRH, LLC
3038 Sidco Drive
Nashville, TN 37204
Attention: Goodloe Partee, General Counsel
Facsimile: 615-782-5030

Wells Fargo Bank, National Association
MAC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, NC 28262
Attention: Syndication Agency Services
Facsimile: 704-715-0092

Wells Fargo Bank, National Association
1808 Aston Avenue, Suite 250
Carlsbad, CA 92008
Attention: Jacob Norton
Facsimile: 760-918-2727

Cannae Holdings, LLC
1701 Village Center Circle
Las Vegas, NV 89134
Attn: Mike Gravelle
702-323-7334

VIA FACSIMILE AND OVERNIGHT DELIVERY

Ladies and Gentlemen:

We refer to that certain Credit Agreement, dated as of August 19, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Fidelity Newport Holdings, LLC, as Holdings, ABRH, LLC, as Borrower, the Lenders party thereto from time to time and Wells Fargo Bank, National Association, as Administrative Agent ("Wells Fargo"). Capitalized terms used in this letter agreement (the "Consent Letter") and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

Pursuant to that certain letter dated as of March 15, 2018, Wells Fargo resigned as the Agent under the Credit Agreement and the other Loan Documents effective as of March 15, 2018. Pursuant to Section 11.6 of the Credit Agreement, upon Wells Fargo's resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent (the "Successor Agent"). We hereby seek consent for the appointment of Cannae Holdings, LLC as Successor Agent under the Credit Agreement.

By your signature below, you confirm your consent to the appointment of Cannae Holdings, LLC as the Successor Agent under the Credit Agreement.

This Consent Letter shall be governed by the internal laws (and not the conflicts or choice of laws principles) of the State of New York. This Consent Letter may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument; delivery of an executed counterpart of a signature page to this Consent Letter by facsimile shall have the same effect as delivery of a manually executed counterpart of this Consent Letter.

Signature pages to follow

Sincerely,

CANNAE HOLDINGS, LLC, as Successor Agent

By: */s/Richard L. Cox*
Name: Richard L. Cox
Title: Managing Director and Chief Financial Officer

LENDER:

CANNAE HOLDINGS, LLC

By: */s/Richard L. Cox*
Name: Richard L. Cox
Title: Managing Director and Chief Financial Officer

Cannae Holdings, Inc.
2017 Omnibus Incentive Plan

Notice of Restricted Stock Grant (Time-Based)

You (the "Grantee") have been granted the following award of restricted Shares of Cannae Holdings, Inc. Common Stock (the "Restricted Stock"), par value $0.0001 per share (the "Shares"), by Cannae Holdings, Inc. (the "Company"), pursuant to the Cannae Holdings, Inc. 2017 Omnibus Incentive Plan (the "Plan") and the terms set forth in the attached Restricted Stock Award Agreement:

Name of Grantee:	**[•]**
Number of Shares of Restricted Stock Granted:	**[•]**
Effective Date of Grant:	November 28, 2017
Vesting and Period of Restriction:	Subject to the terms of the Plan and the Restricted Stock Award Agreement attached hereto, the Period of Restriction shall lapse, and the Shares shall vest and become free of the forfeiture provisions contained in the Restricted Stock Award Agreement, with respect to one-third (1/3) of the shares on each of the first three anniversaries of the Effective Date of Grant, as more specifically described on Exhibit A hereto.

By your electronic acceptance/signature below, you agree and acknowledge that the Restricted Stock is granted under and governed by the terms and conditions of the Plan and the attached Restricted Stock Award Agreement, which are incorporated herein by reference, and that you have been provided with a copy of the Plan and Restricted Stock Award Agreement. If you have not accepted or declined this Restricted Stock Grant, including the terms of this Notice and Restricted Stock Award Agreement, prior to the first anniversary of the Effective Date of Grant, you are hereby advised and acknowledge that you shall be deemed to have accepted the terms of this Notice and Restricted Stock Award Agreement on such first anniversary of the Effective Date of Grant.

Cannae Holdings, Inc.
2017 Omnibus Incentive Plan

Restricted Stock Award Agreement

Section 1. GRANT OF RESTRICTED STOCK

(a) **Restricted Stock**. On the terms and conditions set forth in the Notice of Restricted Stock Grant and this Restricted Stock Award Agreement (the "Agreement"), the Company grants to the Grantee on the Effective Date of Grant the Shares of Restricted Stock (the "Restricted Stock") set forth in the Notice of Restricted Stock Grant.

(b) **Plan and Defined Terms**. The Restricted Stock is granted pursuant to the Plan. All terms, provisions, and conditions applicable to the Restricted Stock set forth in the Plan and not set forth herein are hereby incorporated by reference herein. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in the Notice of Restricted Stock Grant or this Agreement and not otherwise defined therein or herein shall have the meanings ascribed to them in the Plan.

Section 2. FORFEITURE AND TRANSFER RESTRICTIONS

(a) **Forfeiture**. Except as otherwise provided in Grantee's employment, director services or similar agreement in effect at the time of the employment termination:

(i) If the Grantee's employment or service as a Director or Consultant is terminated for any reason other than death, or Disability (as defined below), the Grantee shall, for no consideration, forfeit to the Company the Shares of Restricted Stock to the extent such Shares are subject to a Period of Restriction at the time of such termination.

(ii) If the Grantee's employment or service as a Director or Consultant is terminated due to the Grantee's death or Disability, a portion of the Shares which on the date of termination of employment remain subject to a Period of Restriction (as defined in Exhibit A) shall vest and become free of the forfeiture and transfer restrictions contained in the Agreement (except as otherwise provided in Section 2(b) of this Agreement). The portion which shall vest shall be determined by the following formula (rounded to the nearest whole Share):

(A x B) - C, where

A = the total number of Shares granted under this Agreement,

B = the number of completed months to the date of termination of employment since the Effective Date of Grant divided by 36, and

C = the number of Shares granted under this Agreement which vested on or prior to the date of termination of employment.

All Shares that are subject to a Period of Restriction on the date of termination of employment or service as a Director or Consultant and which will not be vested pursuant to Section 2(a)(ii) above, shall be forfeited to the Company, for no consideration.

(iii) The term "Disability" shall have the meaning ascribed to such term in the Grantee's employment, director services or similar agreement with the Company. If the Grantee's employment, director services or similar agreement does not define the term "Disability," or if the Grantee has not entered into an employment, director services or similar agreement with the Company or any Subsidiary, the term "Disability" shall mean the Grantee's entitlement to long-term disability benefits pursuant to the long-term disability plan maintained by the Company or in which the Company's employees participate.

(b) **Transfer Restrictions**. During the Period of Restriction, the Restricted Stock may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, to the extent such Shares are subject to a Period of Restriction.

(c) **Holding Period**. If and when (i) the Grantee is an Officer (as defined in Rule 16a-1(f) of the Exchange Act), and (ii) Grantee does not hold Shares with a value sufficient to satisfy the applicable stock ownership guidelines of the Company in place at that time, then Grantee must retain 50% of the Shares acquired by Grantee as a result of the lapse of a Period of Restriction (excluding from the calculation any Shares withheld for purposes of satisfying Grantee's tax obligations in connection with such lapse of a Period of Restriction) until such time as the value of the Shares remaining in Grantee's possession following any sale, assignment, pledge, exchange, gift or other transfer of the Shares shall be sufficient to meet any applicable stock ownership guidelines of the Company in place at that time. For the avoidance of doubt, at any time when Grantee holds, in the aggregate, Shares with a value sufficient to satisfy the applicable stock ownership guidelines of the Company in place at that time, Grantee may enter into a transaction with respect to any Shares acquired by Grantee as a result of the lapse of a Period of Restriction without regard to the holding period requirement contained in this Section 2(b) so long as Grantee shall continue to satisfy such stock ownership guidelines following such transaction.

(d) **Lapse of Restrictions**. The Period of Restriction shall lapse as to the Restricted Stock in accordance with the Notice of Restricted Stock Grant and the terms of this Agreement. Subject to the terms of the Plan and Section 6(a) hereof, upon lapse of the Period of Restriction, the Grantee shall own the Shares that are subject to this Agreement free of all restrictions other than the holding period described in Section 2(c) above. Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any Period of Restriction or other restriction imposed on the Restricted Stock that has not previously lapsed, including the holding period described in Section 2(c) above, shall lapse.

Section 3. STOCK CERTIFICATES

As soon as practicable following the grant of Restricted Stock, the Shares of Restricted Stock shall be registered in the Grantee's name in certificate or book-entry form. If a certificate is issued, it shall bear an appropriate legend referring to the restrictions and it shall be held by the Company, or its agent, on behalf of the Grantee until the Period of Restriction has lapsed. If the Shares are registered in book-entry form, the restrictions shall be placed on the book-entry registration. The Grantee may be required to execute and return to the Company a blank stock power for each Restricted Stock certificate (or instruction letter, with respect

to Shares registered in book-entry form), which will permit transfer to the Company, without further action, of all or any portion of the Restricted Stock that is forfeited in accordance with this Agreement.

Section 4. SHAREHOLDER RIGHTS

Except for the transfer and dividend restrictions, and subject to such other restrictions, if any, as determined by the Committee, the Grantee shall have all other rights of a holder of Shares, including the right to vote (or to execute proxies for voting) such Shares. Unless otherwise determined by the Committee, if all or part of a dividend in respect of the Restricted Stock is paid in Shares or any other security issued by the Company, such Shares or other securities shall be held by the Company subject to the same restrictions as the Restricted Stock in respect of which the dividend was paid.

Section 5. DIVIDENDS

(a) Any dividends paid with respect to Shares which remain subject to a Period of Restriction shall not be paid to the Grantee but shall be held by the Company.

(b) Such held dividends shall be subject to the same Period of Restriction as the Shares to which they relate.

(c) Any dividends held pursuant to this Section 5 which are attributable to Shares which vest pursuant to this Agreement shall be paid to the Grantee within 30 days of the applicable vesting date.

(d) Dividends attributable to Shares forfeited pursuant to Section 2 of this Agreement shall be forfeited to the Company on the date such Shares are forfeited.

Section 6. MISCELLANEOUS PROVISIONS

(a) **Tax Withholding**. Pursuant to Article 20 of the Plan, the Committee shall have the power and right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any federal, state and local taxes (including the Grantee's FICA obligations) required by law to be withheld with respect to this Award. The Committee may condition the delivery of Shares upon the Grantee's satisfaction of such withholding obligations. The Grantee may elect to satisfy all or part of such withholding requirement by tendering previously-owned Shares or by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory withholding (based on minimum statutory withholding rates for federal, state and local tax purposes, as applicable, including the Grantee's FICA taxes) that could be imposed on the transaction, and, to the extent the Committee so permits, amounts in excess of the minimum statutory withholding to the extent it would not result in additional accounting expense. Such election shall be irrevocable, made in writing, signed by the Grantee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

(b) **Ratification of Actions**. By accepting this Agreement, the Grantee and each person claiming under or through the Grantee shall be conclusively deemed to have indicated the Grantee's acceptance and ratification of, and consent to, any action taken under the Plan or this Agreement and Notice of Restricted Stock Grant by the Company, the Board or the Committee.

(c) **Notice**. Any notice required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided in writing to the Company.

(d) **Choice of Law**. This Agreement and the Notice of Restricted Stock Grant shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to any conflicts of law or choice of law rule or principle that might otherwise cause the Plan, this Agreement or the Notice of Restricted Stock Grant to be governed by or construed in accordance with the substantive law of another jurisdiction.

(e) **Arbitration**. Subject to, and in accordance with the provisions of Article 3 of the Plan, any dispute or claim arising out of or relating to the Plan, this Agreement or the Notice of Restricted Stock Grant shall be settled by binding arbitration before a single arbitrator in the State of Delaware and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall decide any issues submitted in accordance with the provisions and commercial purposes of the Plan, this Agreement and the Notice of Restricted Stock Grant, provided that all substantive questions of law shall be determined in accordance with the state and federal laws applicable in the State of Delaware, without regard to internal principles relating to conflict of laws.

(f) **Modification or Amendment**. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 4.3 of the Plan may be made without such written agreement.

(g) **Severability**. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included.

(h) **References to Plan**. All references to the Plan shall be deemed references to the Plan as may be amended from time to time.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Code Section 409A and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service and the Plan and the Award Agreement shall be interpreted accordingly.

EXHIBIT A
Vesting and Restrictions

This grant is subject to a Time-Based Restriction, as described below (the "Period of Restriction").

Time-Based Restrictions

Anniversary Date	% of Restricted Stock to Vest
November 28, 2018	33 1/3%
November 28, 2019	33 1/3%
November 28, 2020	33 1/3%

EXHIBIT 10.12

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of March 15, 2018 (the "Second Amendment Effective Date"), is made by and among **ABRH, LLC**, a Delaware limited liability company (the "Borrower"), **FIDELITY NEWPORT HOLDINGS, LLC**, a Delaware limited liability company ("Holdings"), the Subsidiaries of Holdings party hereto as guarantors (together with Holdings, each a "Guarantor" and, collectively, the "Guarantors"), **CANNAE HOLDINGS, LLC**, ("Cannae") as a Lender and as administrative agent under the Credit Agreement (as hereinafter defined) (in such capacity, the "Administrative Agent") and the Lenders party hereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

W I T N E S S E T H

WHEREAS, (a) Holdings, the Borrower, certain banks and financial institutions from time to time party thereto (the "Lenders") and Wells Fargo Bank, National Association, as administrative agent (the "Original Agent"), entered into that certain Credit Agreement dated as of August 19, 2014 (as amended by that certain First Amendment to Credit Agreement, dated as of February 27, 2017, and as further amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement") and (b) the Borrower, the Guarantors and the Original Agent are parties to that certain Guaranty and Security Agreement dated as of August 19, 2014 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Collateral Agreement");

WHEREAS, on March 15, 2018, Cannae purchased all of the outstanding loans and commitments of the Lenders under the Credit Agreement, and currently constitutes the sole Lender;

WHEREAS, on March 15, 2018, the Original Agent resigned as administrative agent under the Credit Agreement and the Collateral Agreement (and all other Loan Documents) and Cannae was appointed to serve as administrative agent thereunder;

WHEREAS, the Credit Parties have requested that the Lenders amend certain provisions of the Credit Agreement; and

WHEREAS, the Required Lenders are willing to make such amendments to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

AMENDMENTS

1.1 Amendments to Credit Agreement and Other Loan Documents. From and after the Second Amendment Effective Date, the parties hereto agree that, notwithstanding anything to the contrary in the

Credit Agreement or any other Loan Document, the Credit Agreement (and any other Loan Document, as applicable) is hereby deemed to be revised as follows:

(a) Revolving Loan Available at Lenders' Sole Discretion. Borrower may request advances under the Revolving Loan (using the procedures and timing applicable to Base Rate Loans as in effect immediately prior to the Second Amendment Effective Date), but the Lenders shall have no obligation to make such advances under the Revolving Loan (or to make Swingline Loans or issue Letters of Credit). If the Lenders unanimously agree, in their respective sole discretion, to make any requested advance under the Revolving Loan (or to make a Swingline Loan or issue a Letter of Credit), then the Lenders shall fund such advance in the manner contemplated in the Credit Agreement.

(b) Interest. From and after the Second Amendment Effective Date: (i) interest on all Revolving Credit Loans (whether outstanding on the Second Amendment Effective Date or advanced thereafter), Term Loans and any other Obligations of any Credit Party shall accrue at the fixed rate of ten percent (10%) per annum and be calculated on a 365/366 day basis for the number of days actually elapsed (plus in any situation where a default rate would apply pursuant to Section 5.1(b) of the Credit Agreement, two percent (2%) per annum); (ii) accrued interest shall be due and payable on the last day of each Fiscal Quarter of the Borrower (or the immediately preceding Business Day if such last day is not a Business Day); and (iii) for the avoidance of doubt, interest shall no longer be calculated in reference to the LIBOR Rate or the Base Rate.

(c) Temporary Suspension of Financial Covenant Testing. The testing of the financial covenants in Section 9.14 of the Credit Agreement is hereby suspended with respect to the quarterly/annual testing periods ending on or after December 31, 2017 and continuing through and including March 31, 2019.

(d) Permission to Incur Certain Indebtedness and Liens to City National Bank. The Credit Parties are permitted to incur Indebtedness to City National Bank ("CNB"), and to secure such Indebtedness in liens against any or all of the Credit Parties assets, pursuant to the following documents:

a. Letter Agreement dated as of March 9, 2018 between the Borrower and CNB (the "LC Side Letter")
b. The letters of credit referenced in the LC Side Letter (and any related letter of credit applications);
c. Security Agreement dated as of March 9, 2018 between CNB and the Borrower; and
d. Subordination Agreement dated as of March 9, 2018 between CNB and the Administrative Agent, and consented to by the Borrower.

(e) Permission to Distribute American Blue Ribbon Holdings, LLC. The Borrower is permitted to distribute all of the Equity Interests issued by American Blue Ribbon Holdings, LLC, a Delaware limited liability company ("Blue Ribbon"), and owned by the Borrower (the "Blue Ribbon Equity"), to Holdings, and Holdings is further permitted to distribute 95% of the Blue Ribbon Equity to Newport Global Opportunities Fund I-A AIV (ABRH) LP, a Delaware limited partnership ("Newport") or its designee in redemption of 100% of Newport's ownership of Equity Interests issued by Holdings (such transaction is referred to as the "Redemption"). Contemporaneously with the Redemption, the Administrative Agent is hereby authorized and directed by the Lenders to release Blue Ribbon and its subsidiaries, Legendary Baking of California, LLC, a Delaware limited liability company ("LBC"), and SVCC LLC, an Arizona limited liability company ("SVCC" and, collectively with Blue Ribbon and LBC, the "Blue Ribbon Companies") from all of their respective obligations under the Credit Agreement or

(f) any other Loan Document (including, without limitation, the Collateral Agreement) and to terminate all Liens against any of the Blue Ribbon Companies in favor of the Administrative Agent with respect to any Loan Document. In connection with the Redemption, the Credit Parties are further permitted to: (i) transfer to the Blue Ribbon Companies any assets that are used primarily in the conduct of the business of the Blue Ribbon Companies constituting the commercial baking business known as "Legendary Baking" and the restaurant brands known as "Village Inn" and "Baker's Square" (collectively, the "Blue Ribbon Business"); (ii) enter into one or more agreements with the Blue Ribbon Companies, to be effective from and after the Redemption, pursuant to which such Credit Parties will provide certain transition services to the Blue Ribbon Companies on terms and conditions determined by the Borrower in good faith to be fair and reasonable; and (iii) remain obligated with respect to leases and other agreements involving third parties that benefit the Blue Ribbon Business and that existed immediately prior to the date of consummation of the Redemption Transaction, but only until such time as the Credit Parties are able to obtain the consent of the applicable third parties to release the Credit Parties from obligations thereunder (and conditioned upon the Blue Ribbon Companies indemnifying the Credit Parties for any losses, claims or damages with respect thereto on terms determined by the Borrower in good faith to be fair and reasonable). None of the actions described in this Section 1.1(e) shall be deemed to constitute a Default or Event of Default under the Credit Agreement or any other Loan Document.

FEES AND EXPENSES

2.1 Amendment Fee. The Borrower shall promptly pay to the Administrative Agent, for the benefit of each Lender that executes this Amendment, an amendment fee in an amount equal to 2.00% multiplied by the sum of (x) the aggregate outstanding principal amount of such Lender's Revolving Credit Loans as of the Amendment Effective Date plus (y) the aggregate outstanding principal balance of such Lender's Term Loans as of the Amendment Effective Date.

2.2 Amendment Expenses. The Borrower shall promptly pay to the Administrative Agent all outstanding reasonable fees and expenses incurred by the Administrative Agent in connection with this Amendment.

ARTICLE III
MISCELLANEOUS

3.1 Representations and Warranties of Credit Parties. Each of the Credit Parties represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties set forth in Article VII of the Credit Agreement are true and correct as of the date hereof (except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

3.2 Reaffirmation of Obligations. Each of the Credit Parties hereby ratifies the Credit Agreement and the Collateral Agreement and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement applicable to it and (b) that it is responsible for the observance and full performance of its respective Secured Obligations.

3.3 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

3.4 Further Assurances. Each of the Credit Parties agrees to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

3.5 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.6 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

3.7 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

3.8 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.9 No Actions, Claims, Etc. As of the date hereof, each Credit Party hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent or any Lender arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

3.10 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 12.5 and 12.6 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWER: **ABRH, LLC**, as Borrower

By: /s/ W. Craig Barber
Name: W. Craig Barber
Title: President

HOLDINGS: **FIDELITY NEWPORT HOLDINGS, LLC**, as Holdings

By: /s/ W. Craig Barber
Name: W. Craig Barber
Title: President

[NOTE: GUARANTOR LIST AND SIGNATURE BLOCKS TO BE CONFIRMED]

GUARANTORS: **American Blue Ribbon Holdings, LLC**
SVCC, LLC
O'Charley's LLC

ABRH MANAGEMENT SERVICES, INC.

O'Charley's Service Company, LLC

O'Charley's Sports Bar, LLC

O'Charley's Sports Bar Alabaster, LLC

OPI, LLC

O'Charley's Management Company, LLC

O'Charley's Restaurant Properties, LLC

99 Restaurants, LLC

99 West, LLC

99 Restaurants of Vermont, LLC

99 Restaurants of Massachusetts, LLC

99 Commissary, LLC

99 Restaurants of Boston, LLC

LEGENDARY BAKING OF CALIFORNIA, LLC

By: /s/ W. Craig Barber
Name: W. Craig Barber
Title: President

[Signature Page to Second Amendment to Credit Agreement]

ADMINISTRATIVE AGENT:

CANNAE HOLDINGS, LLC, as a Lender and as Administrative Agent

By: /s/ Richard L. Cox

Name: Richard L. Cox

Title: Managing Director and Chief Financial Officer

EXHIBIT 21.1

CANNAE HOLDINGS, INC.
List of Subsidiaries December 31, 2017
Significant Subsidiaries

COMPANY	INCORPORATION
Ceridian Holding LLC	Delaware
Ceridian Holding II LLC	Delaware
Fidelity Newport Holdings, LLC	Delaware
American Blue Ribbon Holdings, LLC	Delaware
Legendary Baking of California, LLC	Delaware
O' Charley's LLC	Tennessee
99 Restaurants, LLC	Delaware
T-System Holdings, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement No. 333-221694 on Form S-8 of our report dated March 26, 2018 relating to the consolidated and combined financial statements of Cannae Holdings, Inc. appearing in the Annual Report on Form 10-K of Cannae Holdings, Inc. for the year ended December 31, 2017.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 26, 2018

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Cannae Holdings, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-221694) on Form S-8 of Cannae Holdings, Inc. of our report dated May 11, 2017, except as to Notes A and N, which are as of August 21, 2017, with respect to the combined statement of operations, comprehensive loss, equity, and cash flows of Fidelity National Financial Ventures Operations for the year ended December 31, 2015, and the related notes, which report appears in the December 31, 2017 annual report on Form 10-K of Cannae Holdings, Inc.

/s/ KPMG LLP

Jacksonville, Florida
March 26, 2018
Certified Public Accountants

Exhibit 23.3

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Ceridian Holding LLC:

We consent to the incorporation by reference in the registration statement (No. 333-221694) on Form S-8 of Cannae Holdings, Inc. of our report dated March 14, 2018, with respect to the consolidated balance sheets of Ceridian Holding LLC as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), members' equity, and cash flows for each of the years in the three-year period ended December 31, 2017 and the related notes (collectively, the "consolidated financial statements"), which report appears in the December 31, 2017 annual report on Form 10-K of Cannae Holdings, Inc.

/s/ KPMG LLP

Minneapolis, Minnesota
March 26, 2018

Exhibit 31.1

CERTIFICATIONS

I, Brent B. Bickett, certify that:

1. I have reviewed this annual report on Form 10-K of Cannae Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2018

By: */s/ Brent B. Bickett*

Brent B. Bickett
President

Exhibit 31.2

CERTIFICATIONS

I, Richard L. Cox, certify that:

1. I have reviewed this annual report on Form 10-K of Cannae Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2018

By: */s/ Richard L. Cox*

Richard L. Cox

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Cannae Holdings, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: March 26, 2018

By: */s/ Brent B. Bickett*
Brent B. Bickett
President

Exhibit 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Financial Officer of Cannae Holdings, Inc., a Delaware corporation (the “Company”), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: March 26, 2018

By: */s/ Richard L. Cox*

Richard L. Cox

Chief Financial Officer

Ceridian Holding LLC

Annual Financial Information

For the fiscal year ended December 31, 2017

3311 East Old Shakopee Road

Minneapolis, MN 55425

Telephone Number (952) 853-8100

Ceridian Holding LLC

Annual Financial Information

For the fiscal year ended December 31, 2017

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Report of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors
Ceridian Holding LLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ceridian Holding LLC and its subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), members' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 1958.

Minneapolis, Minnesota
March 14, 2018

Ceridian Holding LLC

Consolidated Balance Sheets

(Dollars in millions, except share data)

	December 31,	
	2017	**2016**
ASSETS		
Current assets:		
Cash and equivalents	$ 200.5	$ 131.9
Restricted cash	—	100.0
Trade and other receivables, net	79.7	78.1
Prepaid expenses	37.9	31.7
Other current assets	5.3	1.0
Total current assets before customer trust funds	323.4	342.7
Customer trust funds	4,099.7	3,702.8
Total current assets	4,423.1	4,045.5
Property, plant, and equipment, net	103.8	86.9
Goodwill	2,087.3	2,058.0
Other intangible assets, net	212.4	232.9
Other assets	4.0	3.2
Total assets	$ 6,830.6	$ 6,426.5
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ —	$ 2.3
Accounts payable	48.8	46.4
Accrued interest	15.9	20.6
Deferred revenue	16.8	13.1
Employee compensation and benefits	70.0	77.8
Other accrued expenses	15.5	26.6
Total current liabilities before customer trust funds obligations	167.0	186.8
Customer trust funds obligations	4,105.5	3,692.3
Total current liabilities	4,272.5	3,879.1
Long-term debt, less current portion	1,119.8	1,139.8
Employee benefit plans	152.4	182.1
Other liabilities	56.2	131.0
Total liabilities	5,600.9	5,332.0
Members' equity:		
Convertible preferred stock, $0.0001 par, 70,000,000 shares authorized, 58,228,954 and 58,232,117 shares issued and outstanding as of December 31, 2017 and 2016, respectively, liquidation preference of $10.00 per share, $582.3 in aggregate at December 31, 2017 and 2016	379.5	379.5
Common stock, $0.0001 par, 150,000,000 shares authorized, 129,817,190 and 129,825,315 shares issued and outstanding as of December 31, 2017 and 2016, respectively	—	—
Additional paid in capital	1,318.4	1,302.9
Accumulated deficit	(375.7)	(358.2)
Accumulated other comprehensive loss	(318.1)	(357.5)
Receivable from stockholder	—	(75.2)
Total members' equity	1,004.1	891.5
Noncontrolling interest	225.6	203.0
Total equity	1,229.7	1,094.5
Total liabilities and equity	$ 6,830.6	$ 6,426.5

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Operations

(Dollars in millions)

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenue:			
Recurring services	$ 678.4	$ 639.3	$ 641.6
Professional services and other	72.3	64.9	52.3
Total revenue	750.7	704.2	693.9
Cost of revenue:			
Recurring services	239.6	256.3	256.6
Professional services and other	135.8	115.8	91.9
Product development and management	50.4	49.2	46.0
Depreciation and amortization	31.9	24.0	18.6
Total cost of revenue	457.7	445.3	413.1
Gross profit	293.0	258.9	280.8
Costs and expenses:			
Selling, general, and administrative	253.1	249.8	246.3
Other expense, net	7.4	9.3	2.4
Interest expense, net	86.6	87.4	87.8
Total costs and expenses	347.1	346.5	336.5
Loss from continuing operations before income taxes	(54.1)	(87.6)	(55.7)
Income tax (benefit) expense	(44.7)	17.8	8.6
Loss from continuing operations	(9.4)	(105.4)	(64.3)
Income (loss) from discontinued operations	11.1	18.5	(23.3)
Net income (loss)	1.7	(86.9)	(87.6)
Net (loss) income attributable to noncontrolling interest	(1.3)	0.1	—
Net income (loss) attributable to Ceridian	$ 3.0	$ (87.0)	$ (87.6)

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Comprehensive Income (Loss)

(Dollars in millions)

	Year Ended December 31,		
	2017	2016	2015
Net income (loss)	$ 1.7	$ (86.9)	$ (87.6)
Items of other comprehensive income (loss) before income taxes:			
Change in foreign currency translation adjustment	39.7	24.4	(94.2)
Change in unrealized gain from marketable securities [1]	—	—	(19.9)
Change in unrealized loss from invested customer trust funds	(17.3)	(10.2)	(4.9)
Change in pension liability adjustment [2]	13.8	13.6	14.5
Other comprehensive income (loss) before income taxes	36.2	27.8	(104.5)
Income tax (benefit) expense, net	(3.6)	0.6	(0.6)
Other comprehensive income (loss) after income taxes	39.8	27.2	(103.9)
Comprehensive income (loss)	41.5	(59.7)	(191.5)
Comprehensive loss attributable to noncontrolling interest	(0.9)	(0.5)	—
Comprehensive income (loss) attributable to Ceridian	$ 42.4	$ (59.2)	$ (191.5)

(1) The amount of unrealized gains from marketable securities recognized in the consolidated statements of operations within other expense, net was $3.9 and $26.0 during the years ended December 31, 2016, and 2015, respectively.

(2) The amount of the pension liability adjustment recognized in the consolidated statements of operations within selling, general, and administrative expense and income (loss) from discontinued operations was was $10.1, $9.9, and $11.8 during the years ended December 31, 2017, 2016, and 2015, respectively.

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Members' Equity

(Dollars in millions, except share data)

	Convertible Preferred Stock		**Common Stock**		**Additional Paid In Capital**	**Accumulated Deficit**	**Accumulated Other Compre-hensive Loss**	**Receivable from Shareholder**	**Total Members' Equity**	**Non-controlling Interest**	**Total Equity**
	Shares	**$**	**Shares**	**$**							
Balance as of December 31, 2014	55,316,509.0	$ 377.1	129,847,659.0	$ —	$ 1,276.8	$ 869.2	$ (286.6)	$ —	$ 2,236.5	$ —	$ 2,236.5
Net loss	—	—	—	—	—	(87.6)	—	—	(87.6)	—	(87.6)
Distributions to members	—	—	—	—	—	(928.9)	—	—	(928.9)	—	(928.9)
Dayforce acquisition, release of shares in escrow	2,924,307.0	—	—	—	—	—	—	—	—	—	—
Share repurchase	(8,699.0)	—	(22,344.0)	—	—	—	—	—	—	—	—
Share-based compensation	—	2.4	—	—	10.8	—	—	—	13.2	—	13.2
Foreign currency translation	—	—	—	—	—	—	(94.2)	—	(94.2)	—	(94.2)
Change in unrealized loss, net of tax of ($0.8)	—	—	—	—	—	—	(24.0)	—	(24.0)	—	(24.0)
Change in minimum pension & postretirement liability, net of tax of $0.2	—	—	—	—	—	—	14.3	—	14.3	—	14.3
Balance as of December 31, 2015	58,232,117.0	$ 379.5	129,825,315.0	$ —	$ 1,287.6	$ (147.3)	$ (390.5)	$ —	$ 1,129.3	$ —	$ 1,129.3

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Members' Equity (continued)

(Dollars in millions, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Compre-hensive Loss	Receivable from Shareholder	Total Members' Equity	Non-controlling Interest	Total Equity
	Shares	$	Shares	$							
Balance as of December 31, 2015	58,232,117	$ 379.5	129,825,315	$ —	$ 1,287.6	$ (147.3)	$ (390.5)	$ —	$ 1,129.3	$ —	$ 1,129.3
Net (loss) income	—	—	—	—	—	(87.0)	—	—	(87.0)	0.1	(86.9)
Issuance of stock by subsidiary	—	—	—	—	—	—	—	(75.2)	(75.2)	150.2	75.0
Creation of the LifeWorks joint venture	—	—	—	—	—	—	—	—	—	39.2	39.2
Sale of the UK Business, net of tax $2.5	—	—	—	—	—	—	25.9	—	25.9	—	25.9
Preferred dividends declared by subsidiary	—	—	—	—	—	(14.1)	—	—	(14.1)	14.1	—
Distribution to members	—	—	—	—	—	(109.8)	—	—	(109.8)		(109.8)
Share-based compensation	—	—	—	—	15.3	—	—	—	15.3	—	15.3
Foreign currency translation	—	—	—	—	—	—	8.0	—	8.0	(0.6)	7.4
Change in unrealized loss, net of tax of ($2.0)	—	—	—	—	—	—	(2.9)	—	(2.9)	—	(2.9)
Change in minimum pension & postretirement liability, net of tax of $0.1	—	—	—	—	—	—	2.0	—	2.0	—	2.0
Balance as of December 31, 2016	58,232,117	$ 379.5	129,825,315	$ —	$ 1,302.9	$ (358.2)	$ (357.5)	$ (75.2)	$ 891.5	$ 203.0	$ 1,094.5

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Members' Equity (continued)

(Dollars in millions, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Compre-hensive Loss	Receivable from Shareholder	Total Members' Equity	Non-controlling Interest	Total Equity
	Shares	$	Shares	$							
Balance as of December 31, 2016	58,232,117.0	$ 379.5	129,825,315.0	$ —	$ 1,302.9	$ (358.2)	$ (357.5)	$ (75.2)	$ 891.5	$ 203.0	$ 1,094.5
Net income (loss)	—	—	—	—	—	3.0	—	—	3.0	(1.3)	1.7
Share repurchase	(3,163.0)	—	(8,125.0)	—	(0.1)	—	—	—	(0.1)	—	(0.1)
Share repurchase by subsidiary	—	—	—	—	(1.6)	—	—	—	(1.6)	(0.2)	(1.8)
Payment for issuance of stock by subsidiary	—	—	—	—	—	—	—	75.2	75.2	—	75.2
Issuance of stock by subsidiary	—	—	—	—	—	—	—	—	—	3.2	3.2
Preferred dividends declared by subsidiary	—	—	—	—	—	(20.5)	—	—	(20.5))	20.5	—
Share-based compensation	—	—	—	—	17.2	—	—	—	17.2	—	17.2
Foreign currency translation	—	—	—	—	—	—	39.3	—	39.3	0.4	39.7
Change in unrealized loss, net of tax ($3.6)	—	—	—	—	—	—	(13.7)	—	(13.7)	—	(13.7)
Change in minimum pension & postretirement liability, net of tax of $0.0	—	—	—	—	—	—	13.8	—	13.8	—	13.8
Balance as of December 31, 2017	58,228,954.0	$ 379.5	129,817,190.0	$ —	$ 1,318.4	$ (375.7)	$ (318.1)	$ —	$ 1,004.1	$ 225.6	$ 1,229.7

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Consolidated Statements of Cash Flows

(Dollars in millions)

	Year Ended December 31,		
	2017	**2016**	**2015**
Net loss	$ 1.7	$ (86.9)	$ (87.6)
(Income) loss from discontinued operations	(11.1)	(18.5)	23.3
Adjustments to reconcile net loss to net cash used in operating activities:			
Deferred income tax (benefit) expense	(65.0)	7.0	(7.9)
Depreciation and amortization	57.9	57.3	56.0
Asset impairment	—	10.4	23.0
Amortization of debt issuance costs and debt discount	3.7	3.5	3.2
Net periodic pension and postretirement cost	1.5	3.0	8.9
Realized gain on short-term investments	—	(3.9)	(25.4)
Share-based compensation	17.2	15.3	12.8
Environmental reserve	—	5.9	—
Other	(1.0)	0.2	1.5
Changes in operating assets and liabilities excluding effects of acquisitions and divestitures:			
Trade and other receivables	(1.5)	(7.2)	(7.5)
Prepaid expenses and other current assets	(6.7)	—	(5.5)
Accounts payable and other accrued expenses	(4.3)	(8.2)	(3.2)
Deferred revenue	3.5	(0.6)	(1.8)
Employee compensation and benefits	(26.0)	(48.5)	(26.2)
Accrued interest	(4.8)	(0.2)	1.3
Accrued taxes	(7.8)	(0.1)	5.4
Other assets and liabilities	4.0	2.0	(3.1)
Net cash used in operating activities - continuing operations	(38.7)	(69.5)	(32.8)
Net cash (used in) provided by operating activities - discontinued operations	(0.7)	(6.1)	14.0
Net cash used in operating activities	(39.4)	(75.6)	(18.8)
Cash Flows from Investing Activities			
Purchase of customer trust funds marketable securities	(598.5)	(699.7)	(610.6)
Proceeds from sale and maturity of customer trust funds marketable securities	610.2	677.6	557.0
Net change in restricted cash and other restricted assets held to satisfy customer trust funds obligations	(367.8)	677.8	405.3
Proceeds from sale of short-term investments	—	209.8	930.1
Net change in restricted cash	100.0	(100.0)	
Expenditures for property, plant, and equipment	(17.7)	(7.7)	(9.2)
Expenditures for software and technology	(33.1)	(25.5)	(25.3)
Cash acquired in business combination	—	1.2	—
Net (payments) proceeds from divestitures	(0.5)	101.6	—
Net cash (used in) provided by investing activities - continuing operations	(307.4)	835.1	1,247.3
Net cash provided by investing activities - discontinued operations	—	37.7	6.7
Net cash (used in) provided by investing activities	(307.4)	872.8	1,254.0
Cash Flows from Financing Activities			
Increase (decrease) in customer trust funds obligations, net	356.1	(655.7)	(351.7)
Proceeds from issuance of stock by subsidiary	78.4	75.0	—
Repurchase of common and preferred stock	(1.8)	—	(0.5)
Distributions to members	—	(109.8)	(928.5)
Repayment of long-term debt obligations	(25.9)	(11.8)	(7.0)
Net cash provided by (used in) financing activities - continuing operations	406.8	(702.3)	(1,287.7)
Net cash used in financing activities - discontinued operations	—	(38.2)	(9.5)
Net cash provided by (used in) financing activities	406.8	(740.5)	(1,297.2)
Effect of Exchange Rate Changes on Cash	8.6	1.3	(10.4)
Net increase (decrease) in cash and equivalents	68.6	58.0	(72.4)
Elimination of cash from discontinued operations	—	10.1	0.1
Cash and equivalents at beginning of year	131.9	63.8	136.1
Cash and equivalents at end of year	$ 200.5	$ 131.9	$ 63.8

Supplemental Cash Flow Information:

Cash paid for interest	$	89.7	$	84.9	$	83.9
Cash paid for income taxes	$	24.6	$	16.8	$	15.7
Cash received from income tax refunds	$	1.9	$	0.2	$	0.2

See accompanying notes to consolidated financial statements.

Ceridian Holding LLC

Notes to Consolidated Financial Statements

(Dollars in millions, except share data)

1. Organization

Ceridian Holding LLC and subsidiaries (also referred to in this report as “Ceridian,” “we,” “our,” and “us”) offer a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll-related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance programs, and recruitment and applicant screening. Our technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue. Our operations are primarily located in the United States and Canada.

Ceridian owns a controlling financial interest in a joint venture, WorkAngel Organisation Limited (“LifeWorks”) (the “Joint Venture Company”), which offers an employee engagement platform that delivers employee assistance programs, social recognition, exclusive perks and discounts, a private social network, employee and corporate wellness, and employee engagement analytics in the United States, Canada, and the United Kingdom. Prior to the formation of the joint venture, employee assistance programs were provided by Ceridian. On January 20, 2017, WorkAngel Organisation Limited changed its name to LifeWorks Corporation Ltd. Please refer to Note 4, “Business Combinations and Noncontrolling Interest,” for further discussion regarding the formation of this joint venture on March 1, 2016.

Ceridian is the 100% owner of Foundation Holding LLC, which in turn is the 100% owner of Ceridian LLC. Ceridian HCM Holding Inc. ("Ceridian HCM") is a majority-owned subsidiary of Ceridian LLC (Ceridian LLC and its predecessor, Ceridian Corporation, are together referred to as "Ceridian LLC"). Ceridian HCM is owned by Ceridian LLC, Ceridian Holding II LLC ("Ceridian Holding II"), which is an unconsolidated entity, and other individuals, who collectively own less than 1% of the outstanding interests of Ceridian HCM. Until November 14, 2014, Comdata Inc. ("Comdata") was a wholly-owned subsidiary of Ceridian LLC. The shares of Ceridian Holding LLC consist of common shares and convertible participating preferred shares, which are senior to the common shares in terms of dividends and upon liquidation.

The owners of Ceridian Holding LLC and Ceridian Holding II include (i) affiliates and co-investors of Thomas H. Lee Partners, L.P. (“THL Partners”) and Cannae Holdings, LLC, formerly known as Fidelity National Financial Ventures, LLC (“Cannae”) (THL Partners and Cannae are together referred to as the “Sponsors”), who collectively own approximately 96% of the outstanding interests of both Ceridian Holding LLC and Ceridian Holding II, and (ii) other individuals, who collectively own approximately 4% of the outstanding interests of each holding company. The Sponsors initially acquired their indirect ownership interest in Ceridian Holding LLC on November 9, 2007, when the Sponsors completed the acquisition of all of the outstanding equity of the Ceridian entities (the “2007 Merger”). The Sponsors acquired their ownership interest in Ceridian Holding II on March 30, 2016, when the Sponsors and other individuals purchased equity in Ceridian Holding II, which in turn purchased equity in Ceridian HCM Holding Inc. This equity financing transaction with Ceridian Holding II raised $150.2, of which $75.0 was contributed by Ceridian Holding II to Ceridian HCM Holding Inc. on March 30, 2016. The remaining $75.2 was committed to be funded to Ceridian HCM Holding Inc. within the following three years, and was recorded within equity as a receivable from shareholder. During the second quarter of 2017, the board of directors of Ceridian Holding II approved the funding of the remaining $75.2, which was transferred to Ceridian HCM Holding Inc. on June 28, 2017.

Company History

During the quarter ended September 30, 2015, we completed two separate transactions that resulted in the sale of our benefits administration and post-employment health insurance compliance businesses (the "Divested Benefits Continuation Businesses"). In the third quarter of 2013, we entered into an agreement for the sale of certain of our customer contracts for consumer-directed benefit services, including flexible spending accounts, health reimbursement accounts, health savings accounts, commuter (parking or transit) premium-only plans, and tuition reimbursement plans (collectively, the "Consumer-Directed Benefit Services"). These three transactions represented a strategic shift in our overall business and have had a significant impact on the financial statement results. Accordingly, the Divested Benefits Continuation Businesses, as well as the Consumer-Directed Benefit Services, have been presented as discontinued operations in the consolidated financial statements and accompanying notes for all periods presented. Please refer to Note 3, "Discontinued Operations," for further discussion of this transaction.

On June 15, 2016, we completed the stock sale of our United Kingdom and Ireland businesses, along with the portion of our Mauritius operations that supported these businesses (the "UK Business"). We received cash consideration of $93.2 in connection with this transaction. Concurrent with this transaction, we entered into a strategic partnership with the acquirer, SD Worx, a leading European provider of payroll and HCM, to deliver cloud HCM services across Europe. The UK Business has been presented as discontinued operations in the consolidated financial statements and accompanying notes for all periods presented. Please refer to Note 3, "Discontinued Operations," for further discussion of this transaction.

Reclassifications

During the year ended December 31, 2017, we changed the presentation and classification of certain revenues and expenses as outlined below. These changes in presentation and classification represent a change in accounting policy for the Company, and are preferable as they better facilitate comparisons with revenues and expenses of other similar businesses, better align our income statement presentation with the way the management and reporting of our business has evolved internally, and enhances our overall disclosure and understanding of business results for external users. Amounts previously reported in our consolidated statements of operations have been revised to conform to the current year presentation. These revised classifications had no effect on previously reported total revenue and net losses attributable to Ceridian. The presentation and classification changes were as follows and are summarized in the table below:

- Certain Bureau product service revenues and expenses have been reclassified from recurring services to professional services and other. This change resulted in a reduction to recurring revenue with a corresponding increase to professional services and other revenue for the years ended December 31, 2016 and 2015.
- All product development and management costs have been reclassified to be included in total cost of revenue. Product development and management costs are related to software development activities that do not qualify for capitalization.
- Depreciation and amortization expenses related to cost of revenue, such as amortization of capitalized software, are now presented on a separate line within cost of revenue.

	Year Ended December 31, 2016		
	Before reclassification	After reclassification	Change
Revenue:			
Recurring services	$ 645.9	$ 639.3	$ (6.6)
Professional services and other	58.3	64.9	6.6
Total revenue	704.2	704.2	—
Cost of revenue:			
Recurring services	303.1	256.3	(46.8)
Professional services and other	100.1	115.8	15.7
Product development and management	—	49.2	49.2
Depreciation and amortization	—	24.0	24.0
Total cost of revenue	403.2	445.3	42.1
Gross profit	301.0	258.9	(42.1)
Costs and expenses:			
Selling, general, and administrative	249.8	249.8	—
Product development	42.1	—	(42.1)
Other expense, net	9.3	9.3	—
Interest expense, net	87.4	87.4	—
Total costs and expenses	388.6	346.5	(42.1)
Loss from continuing operations before income taxes	$ (87.6)	$ (87.6)	$ —

	Year Ended December 31, 2015		
	Before reclassification	After reclassification	Change
Revenue:			
Recurring services	$ 651.6	$ 641.6	$ (10.0)
Professional services and other	42.3	52.3	10.0
Total revenue	693.9	693.9	—
Cost of revenue:			
Recurring services	309.6	256.6	(53.0)
Professional services and other	72.3	91.9	19.6
Product development and management	—	46.0	46.0
Depreciation and amortization	—	18.6	18.6
Total cost of revenue	381.9	413.1	31.2
Gross profit	312.0	280.8	(31.2)
Costs and expenses:			
Selling, general, and administrative	246.3	246.3	—
Product development	31.2	—	(31.2)
Other expense, net	2.4	2.4	—
Interest expense, net	87.8	87.8	—
Total costs and expenses	367.7	336.5	(31.2)
Loss from continuing operations before income taxes	$ (55.7)	$ (55.7)	$ —

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The accompanying consolidated financial statements include the operations and accounts of Ceridian and all subsidiaries, as well as any variable interest entity ("VIE") in which we have controlling financial interest. All intercompany balances and transactions have been eliminated from our consolidated financial statements.

We consolidate the grantor trusts that hold funds provided by our payroll and tax filing customers pending remittance to employees of those customers or tax authorities in the United States and Canada. Under consolidation accounting, the enterprise with a controlling financial interest consolidates a VIE. A controlling financial interest in an entity is determined through analysis that identifies the primary beneficiary which has (1) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. In addition, ongoing reassessments must be performed to confirm whether an enterprise is the primary beneficiary of a VIE. The grantor trusts are VIEs, and we are deemed to have a controlling financial interest as the primary beneficiary. Please refer to Note 6, “Customer Trust Funds," for further information on our accounting for these funds.

Revision of Prior Period Financial Statements

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2017, we identified a prior period error pertaining to the misclassification of a deferred tax liability attributable to previously amortized tax basis goodwill as a deferred tax liability eligible to offset deferred tax assets when determining the requirement for a valuation allowance. This resulted in a $12.7 understatement of non-cash income tax expense in fiscal years prior to December 31, 2015, impacting accumulated deficit amounts as a component of members' equity as of December 31, 2015 and 2016. There was no impact to the consolidated statements of operations for any period presented. In accordance with accounting guidance found in Accounting Standards Codification ("ASC") Topic 250-10 (Securities and Exchange Commission Staff Accounting Bulletin No. 99, "Materiality," and No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements"), we assessed the materiality of the error from quantitative and qualitative perspectives and concluded that the error was not material to any of our previously issued financial statements. Since the revision was not material to any prior period, no amendments to previously issued financial statements are required. Consequently, we have adjusted for this error by revising our historical financial statements presented herein. We have recognized the cumulative effect of the error on periods prior to those that are presented herein by increasing accumulated deficit and other liabilities by $12.7 on our consolidated balance sheets as of December 31, 2016, and increasing accumulated deficit by $12.7 on our consolidated statements of members' equity as of December 31, 2014, 2015 and 2016.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions 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 reporting period.

Actual results could differ from those estimates. Estimates that could significantly affect our results of operations or financial condition involve the assignment of fair values to goodwill and other intangible assets and testing for impairment; the testing of impairment of long-lived assets; the determination of our liability for pensions and postretirement benefits; the determination of fair value of stock options granted; and the resolution of tax matters and legal contingencies. Further discussion on these estimates can be found in related disclosures elsewhere in our notes to the consolidated financial statements.

Cash and Equivalents

As of December 31, 2017 and 2016, cash and equivalents were comprised of cash held in bank accounts and investments with an original maturity of three months or less.

Concentrations

Cash deposits of client and corporate funds are maintained primarily in large credit-worthy financial institutions in the countries in which we operate. These deposits may exceed the amount of any deposit insurance that may be available through government agencies. All deliverable securities are held in custody with large credit-worthy financial institutions which bear the risk of custodial loss. Non-deliverable securities, primarily money market securities, are restricted to large, credit-worthy broker-dealers and financial institutions.

Trade and Other Receivables, Net

Trade and other receivables balances are presented on the consolidated balance sheets net of the allowance for doubtful accounts of $2.7 and $2.3 and the reserve for sales adjustment of $4.8 and $4.2 as of December 31, 2017 and 2016, respectively. We experience credit losses on accounts receivable and, accordingly, must make estimates related to the ultimate collection of the receivables. Specifically, management analyzes accounts receivable, historical bad debt experience, customer concentrations, customer creditworthiness, and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. We estimate the reserve for sales adjustment based on historical sales adjustment experience. We write off accounts receivable when we determine that the accounts are uncollectible, generally upon customer bankruptcy or the customer’s nonresponse to continued collection efforts.

Property, Plant, and Equipment

Our property, plant, and equipment assets are stated at cost less depreciation. Depreciation is calculated on a straight-line basis over the shorter of the remaining lease term or estimated useful life of the related assets, which are generally as follows:

Buildings	40 years
Building improvements	5-14 years
Machinery and equipment	3-8 years
Computer equipment	3-6 years

Repairs and maintenance costs are expensed as incurred. We capitalized interest of $0.6 and $0.4 in property, plant, and equipment during the years ended December 31, 2017 and 2016, respectively. Property, plant, and equipment assets are assessed for impairment as described under the heading “Impairment of Long-Lived Assets” below.

Assignment of Fair Values Upon Acquisition of Goodwill and Other Intangible Assets

In the event of a business combination where we are the acquiring party, we are required to assign fair values to all identifiable assets and liabilities acquired, including intangible assets, such as customer lists, identifiable intangible trademarks, technology and non-compete agreement. We are also required to determine the useful life for definite-lived identifiable intangible assets acquired. These determinations require significant judgments, estimates, and assumptions, and, when material amounts are involved, we generally utilize the assistance of third-party valuation consultants. The remainder of the purchase price of the acquired business not assigned to identifiable assets or liabilities is then recorded as goodwill.

In conjunction with the 2007 Merger, affiliates of the Sponsors completed the acquisition of all outstanding equity of the Ceridian entities. Although Ceridian LLC continued as the same legal entity after the 2007 Merger, the application of push down accounting representing the termination of the old accounting entity and the creation of a new one resulted in the adjustment of all net assets to their respective fair values as of the 2007 Merger. Net assets of Ceridian LLC were adjusted to their respective fair values, which included goodwill, trademarks, customer lists, and other intangible assets. At the time of the legal separation of Ceridian and Comdata on October 1, 2013 ("Separation Transaction"), there was no change in ownership control by the Sponsors and other shareholders of Ceridian LLC and its ownership structure and accordingly, Ceridian HCM’s separation from Ceridian LLC was not accounted for as a business combination. As such, the goodwill and intangibles from the 2007 Merger remain after the Separation Transaction.

Goodwill and Intangible Assets

Goodwill, which represents the excess purchase price over the fair value of net assets of businesses acquired, is assigned to reporting units based on the benefits derived from the acquisition. Goodwill and indefinite-lived intangibles are not amortized against earnings but instead are subject to impairment review on at least an annual basis. We perform our annual assessment of goodwill and indefinite-lived intangible balances as of October 1 of each year. There was no indication of impairment for either reporting unit at October 1, 2017.

As of January 1, 2017, we elected early adoption of Accounting Standards Update No. 2017-04, "Intangibles-Goodwill and Other," which simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. We assess goodwill impairment risk by first performing a qualitative review of entity-specific, industry, market, and general economic factors for each reporting unit. If significant potential goodwill impairment risk exists for a specific reporting unit, we apply a quantitative test. The quantitative test compares the reporting unit’s estimated fair value with its carrying amount. In estimating fair value of our reporting units, we use a combination of the income approach and the market-based approach. A number of significant assumptions and estimates are involved in determining the current fair value of the reporting units, 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, fair values that could be realized in an actual transaction may differ from those used to evaluate the goodwill for impairment. The evaluation of impairment involves comparing the current fair value of the reporting unit to the carrying amount. To the extent that the carrying amount of goodwill of the reporting unit exceeds the fair value of the reporting unit, an impairment loss is recognized.

Intangible assets represent amounts assigned to specifically identifiable intangible assets at the time of an acquisition. Definite-lived assets are amortized on a straight-line basis generally over the following periods:

Customer lists and relationships	5-15 years
Technology	2-7 years

Indefinite-lived intangible assets, which consist of trademarks, are tested for impairment on an annual basis, or more frequently if certain events or circumstances occur that could indicate impairment. When evaluating whether the indefinite-lived intangible assets are impaired, the carrying amount is compared to its estimated fair value. The estimate of fair value is based on a relief from royalty method which calculates the cost savings associated with owning rather than licensing the trademark. An estimated royalty rate is applied to forecasted revenue and the resulting cash flows are discounted. Definite-lived assets are assessed for impairment as described under the heading “Impairment of Long-Lived Assets” below.

Internally Developed Software Costs

We capitalize costs associated with software developed or obtained for internal use when both the preliminary project stage is completed and our management has authorized further funding for the project, which it deems probable of completion. Capitalized software costs include only: (1) external direct costs of materials and services consumed in developing or obtaining the software; (2) payroll and payroll-related costs for employees who are directly associated with and who devote time to the project; and (3) interest costs incurred while developing the software. Capitalization of these costs ceases no later than the point at which the project is substantially complete and ready for its intended purpose. We do not include general and administrative costs and overhead costs in capitalizable costs. We charge research and development costs and other software maintenance costs related to software development to earnings as incurred.

We had capitalized software costs, net of accumulated amortization, of $57.8 and $48.7 as of December 31, 2017 and 2016, respectively, included in property, plant, and equipment in the accompanying consolidated balance sheets. We amortize software costs on a straight-line basis over the expected life of the software, generally a range of two to seven years. Amortization of software costs totaled $24.5, $21.7, and $19.9 for the years ended December 31, 2017, 2016, and 2015, respectively.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, capitalized software, and definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Please refer to Note 13, "Supplementary Data to Statements of Operations" for further information on the impairment of long-lived assets for the years ended December 31, 2017, 2016, and 2015.

Revenue Recognition

We recognize revenue from the sale of our services, net of applicable sales taxes, 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) collectability is reasonably assured. We rely on a signed contract with the customer as the persuasive evidence of a sales arrangement.

We enter into revenue arrangements that may consist of multiple deliverables based on the needs of our customers. For example, our services address a broad range of employment process needs, such as payroll, payroll-related tax filing, human resource information, employee self-service capabilities, time and labor management, employee assistance, work-life, recognition, and incentive programs, and recruitment and applicant screening. A customer arrangement may contain any of these elements with different elements delivered across multiple reporting periods.

We have a single unit of accounting for each deliverable in a contract based on the use of estimated selling price ("ESP") in those cases where vendor-specific objective evidence of selling price ("VSOE") or third party evidence ("TPE") cannot be established. Our determination of ESP involves the consideration of several factors based on the specific facts and circumstances of each contract. Specifically, we consider the cost to produce or to provide the deliverable, the anticipated margin on that deliverable, the selling price and profit margin for similar services, the value of any enhancements that have been built into the deliverable and the characteristics of the varying markets in which the deliverable will be sold.

When we are unable to establish a selling price using VSOE or TPE, we use ESP in the allocation of arrangement consideration. The objective of ESP is to determine the price at which we would transact a sale if the service were sold on a stand-alone basis.

We regularly review VSOE, TPE, and ESP and maintain internal controls over the establishment and updates of these estimates. There were no material impacts during the period nor do we currently expect a material impact in the near term from changes in VSOE, TPE, or ESP.

Deferred revenue primarily consists of customer billings in advance of revenues being recognized from our contracts. Deferred revenue also includes certain deferred professional services fees that are accounted for as a single unit of accounting with subscription fees and are recognized as revenues over the same period as the related customer contract. Deferred revenue that is anticipated to be recognized during the succeeding twelve-month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent.

Recurring Services Revenues

Revenues are presented within the consolidated statements of operations in two categories: recurring services, and professional services and other. Recurring services revenues consist of monthly fees that we charge for our Cloud and Bureau solutions, as well as for LifeWorks. For our Dayforce solutions, we primarily charge monthly recurring fees on a PEPM basis, generally one-month in advance of service, based on the number and type of solutions provided to the customer and the number of employees at the customer. We charge Powerpay customers monthly recurring fees on a per-employee, per-process basis. For our Bureau solutions, we typically charge monthly recurring fees on a per-process basis. The typical recurring services customer contract has an initial term of three years. The initial recurring services contracts have general acceptance criteria that consist of the completion of user acceptance testing. Any credits related to service level commitments are recognized as

incurred as service level failures and are not anticipated at contract signing. Should a customer cancel the initial contract, an early termination fee may be applicable and revenue is recognized upon collection. We also generate recurring services revenue from investment income on our Cloud and Bureau customer funds held in trust before such funds are remitted to taxing authorities, customer employees or other third parties. We refer to this investment income as float revenue. Please refer to Note 18, "Financial Data by Segment and Geographic Area," for a full description of our sources of revenue.

Professional Services and Other Revenues

Professional services and other revenues consist primarily of charges relating to the work performed to assist customers with the implementation of their solutions. Also included in professional services are any related training services, post-implementation professional services, and purchased time clocks. We also generate professional services and other revenues from custom professional services and consulting services that we provide and for certain third-party services that we arrange for our Bureau customers. Professional services revenue is primarily recognized as hours are incurred.

Costs and Expenses

Cost of Revenue

Cost of revenue consists of costs to deliver our revenue-producing services. Most of these costs are recognized as incurred, that is, as we become obligated to pay for them. Some costs of revenue are recognized in the period that a service is sold and delivered. Other costs of revenue are recognized over the period of use or in proportion to the related revenue.

The costs recognized as incurred consist primarily of customer service staff costs, customer technical support costs, implementation personnel costs, costs of hosting applications, consulting and purchased services, delivery services, and royalties. The costs of revenue recognized over the period of use are depreciation and amortization, rentals of facilities and equipment, and direct and incremental costs associated with deferred implementation service revenue.

Cost of recurring services revenues primarily consists of costs to provide maintenance and technical support to our customers, and the costs of hosting our applications. The cost of recurring services revenues includes compensation and other employee-related expenses for data center staff, payments to outside service providers, data center, and networking expenses.

Cost of professional services and other revenues primarily consists of costs to provide implementation consulting services and training to our customers, as well as the cost of time clocks. Costs to provide implementation consulting services include compensation and other employee-related expenses for professional services staff, costs of subcontractors, and travel.

Product development and management expense includes costs related to software development activities that do not qualify for capitalization, such as development, quality assurance, testing of new technologies, and enhancements to our existing solutions that do not result in additional functionality. Product development and management expense also includes costs related to the management of our service offerings. Research and development expense, which is included within product development and management expense, was $25.8, $18.1, and $11.2 for the years ended December 31, 2017, 2016, and 2015, respectively.

Depreciation and amortization related to cost of revenue primarily consists of amortization of capitalized software.

Selling, General, and Administrative Expense

Selling expense includes costs related to maintaining a direct marketing infrastructure and sales force and other direct marketing efforts, such as advertising, telemarketing, direct mail, and trade shows. Advertising costs are expensed as incurred. Advertising expense was $6.2, $6.4, and $5.7 for the years ended December 31, 2017, 2016, and 2015, respectively.

General and administrative expense includes costs that are not directly related to delivery of services, selling efforts, or product development, primarily consisting of corporate-level costs, such as administration, finance, legal and human resources. Also included in this category are the provision for doubtful accounts receivable, net periodic pension costs, depreciation, and amortization of other intangible assets not reflected in cost of revenue.

Other Expense, Net

Other expense, net includes the results of transactions that are not appropriately classified in another category. These items are primarily foreign currency translation gains and losses, environmental reserve charges, and charges related to the impairment of asset values.

Income Taxes

Income taxes have been provided for using the liability method. The liability method requires an asset and liability based approach in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and the tax basis of assets and liabilities and the expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment.

We classify interest and penalties related to income taxes as a component of the income tax provision.

Fair Value of Financial Instruments

The carrying amounts of cash and equivalents, trade and other receivables, net, customer trust funds, customer trust funds obligations, customer advance payments, and accounts payable approximate fair value because of the short-term nature of these items.

Share-Based Compensation

Our employees participate in share-based compensation plans. Under the fair value recognition provisions of share-based compensation accounting, we measure share-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 the period during which an employee is required to provide services in exchange for the award.

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 the value of our common stock as well as other inputs and assumptions described below. The value of our common stock is determined by the Board of Directors with assistance from a third-party valuation expert.

We use an integrated Monte Carlo simulation model and a trinomial lattice model to determine fair value of performance-based options. The Monte Carlo model utilizes multiple input variables that determine the 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 other inputs and assumptions described below.

If factors change and we employ different assumptions for estimating share-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 operating results.

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 performance-based options and the expected term of the term-based option. The estimated volatility of our common stock is based on volatility data for selected comparable public companies over the expected term of our stock options. Because we do not anticipate paying any cash dividends in the foreseeable future, we use an expected dividend yield of zero. The amount of share-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 share-based compensation expense for those awards expected to vest. We recognize term-based stock compensation expense using the straight-line method.

Foreign Currency Translation

We have international operations whereby the local currencies serve as functional currencies. We translate foreign currency denominated assets and liabilities at the end-of-period exchange rates and foreign currency denominated statements of operations at the weighted-average exchange rates for each period. We report the effect of changes in the U.S. dollar carrying values of assets and liabilities of our international operations that are due to changes in exchange rates between the U.S. dollar and their functional currency as foreign currency translation within accumulated other comprehensive income (loss) in the accompanying consolidated statements of members' equity and comprehensive income (loss). Gains and losses from transactions and translation of assets and liabilities denominated in currencies other than the functional currency of the international operation are recorded in the consolidated statements of operations within other expense, net.

Recently Issued and Adopted Accounting Pronouncements

In May 2014 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, “Revenue from Contracts with Customers,” which replaced all existing revenue guidance created by the ASC Topic 606, including prescriptive industry-specific guidance. This standard’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities will need to apply more judgment and make more estimates than under the previous guidance. In July 2015 the FASB deferred the effective date for all entities by one year, making the guidance for non-public companies effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted to the original effective date of December 15, 2016 (including interim reporting periods within that reporting period). The standard permits the use of either the retrospective or cumulative effect transition method. Management has decided to adopt the new standard beginning in the first quarter of 2019. Management anticipates using the retrospective method for adoption.

In preparation for this planned adoption, we have been evaluating the impact of the new standard to our financial statements and accompanying disclosures in the notes to our consolidated financial statements. Our assessment of the impact includes an evaluation of the five-step process set forth in the new standard along with the enhancement of disclosures that will be required. To date, we have developed our initial plan for implementing the standard, which includes identifying customer contracts within the scope of the new standard, identifying performance obligations within those customer contracts, and evaluating the impact of incremental variable consideration paid to obtain those customer contracts. We have also undertaken a comprehensive review of all contracts that fall under the scope of the new standard; and, as of the date of this report, we are nearly complete with our review of in-scope contracts.

Based on analysis performed to date, we expect that adoption of the new standard will result in changes to the classification and timing of our revenue recognition. Specifically, we expect an increase in revenue classified as professional services and other revenue and a reduction in revenue classified as recurring services revenue, compared to current U.S. GAAP. Further, we expect that the new standard will result in changes to the timing of our revenue recognition compared to current U.S. GAAP. In compliance with the new standard, a contractual asset will be reflected on the consolidated balance sheets and will be amortized over the customers’ period of benefit, which is generally three years. We also expect changes to the timing of certain selling, general, and administrative expenses, as the new standard will also require capitalizing and amortizing certain selling expenses, such as commissions and bonuses paid to the sales force. These sales expenses will be amortized over the customer’s period of benefit, generally three years.

In periods of revenue growth, the changes above are expected to result in higher overall earnings before income taxes and net income when compared to current U.S. GAAP. We have not yet determined the impact of the disclosure requirements.

In February 2016 the FASB issued ASU No. 2016-02, "Leases," which is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This standard requires balance sheet recognition for both finance leases and operating leases. This guidance is effective for non-public companies for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The guidance is required to be adopted using a modified retrospective approach. An entity will, in effect, continue to account for leases that commence before the effective date in accordance with previous U.S. GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous U.S. GAAP. We are currently evaluating the impact of the adoption of this standard.

In March 2016 the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation," which simplifies several aspects of accounting for share-based payment transactions. This standard requires all excess tax benefits or deficiencies to be recognized within the income statement with the tax benefits classified as an operating activity on the statement of cash flows. This standard also requires cash paid by an employer for tax withholding purposes to be classified as a financing activity on the statement of cash flows. This guidance is effective for non-public companies for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The guidance relating to the income tax consequences is required to be adopted using a modified retrospective approach. The guidance relating to the classification on the statement of cash flows is required to be adopted using a retrospective approach. We elected early adoption of this standard as of January 1, 2017, which had an immaterial impact on our financial results and presentation.

In November 2016 the FASB issued ASU No. 2016-18, "Statement of Cash Flows," which indicates the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted ash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of year and end of year total amounts shown on the statement of cash flows. This guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. This guidance is required to be adopted using a retrospective approach. The impact of this standard is limited to the presentation and classification of restricted cash balances on the statement of cash flows.

In January 2017 the FASB issued ASU No. 2017-04, "Intangibles-Goodwill and Other," which simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. This standard requires that an entity perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The update also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. This guidance is effective for public business entities that are not an SEC filer for annual or interim goodwill impairment tests in fiscal years beginning December 15, 2020. We elected early adoption of this standard as of our October 1, 2017, our annual testing date, which did not have an impact on our financial results.

3. Discontinued Operations

Sale of UK Business

On June 15, 2016, we completed the stock sale of our United Kingdom and Ireland businesses, along with the portion of our Mauritius operations that supported these businesses (the "UK Business"). We received $93.2 in connection with this transaction. Concurrent with this transaction, we entered into a strategic partnership with the acquirer, SD Worx, a leading European provider of payroll and HCM services, to deliver cloud human capital management ("HCM") services across Europe.

This transaction represented a strategic shift in our overall business and had a significant impact on our financial statement results. Therefore, the UK Business has been presented as discontinued operations within the HCM segment in the consolidated financial statements and accompanying notes for all periods presented. The sale of the UK Business, which made up the International reporting unit, was considered a sale of a business, and as such, the entire goodwill balance assigned to the International reporting unit of $23.8 was included in the carrying amount used in determining the gain on sale of the UK Business. During the year ended December 31, 2017, there was a settlement payment made to SD Worx.

The amounts in the table below reflect the operating results of the UK Business reported as discontinued operations, as well as supplemental disclosures of the discontinued operations:

	Year Ended December 31,		
	2017	2016	2015
Net revenues	$ —	$ 37.0	$ 79.2
Income from operations before income taxes	—	0.5	2.3
(Loss) gain on sale of business	(1.0)	5.9	—
Income tax benefit (expense)	—	0.2	(1.4)
(Loss) income from discontinued operations, net of income taxes	$ (1.0)	$ 6.6	$ 0.9
Depreciation and amortization	$ —	$ 1.3	$ 3.3
Capital expenditures	$ —	$ 0.7	$ 2.4

Sale of Divested Benefits Continuation Businesses

In the third quarter of 2013, we entered into an agreement for the sale of certain of our customer contracts for consumer-directed benefit services, including flexible spending accounts, health reimbursement accounts, health savings accounts, commuter (parking or transit) premium-only plans, and tuition reimbursement plans (collectively, the "Consumer-Directed Benefit Services"). During the third quarter of 2015, we completed two separate transactions that resulted in the sale of our benefits administration and post-employment health insurance portability compliance businesses (the "Divested Benefits Continuation Businesses").

These three transactions represented a strategic shift in our overall business and have had a significant impact on the financial statement results. Accordingly, the Divested Benefits Continuation Businesses, as well as the Consumer-Directed Benefit Services, have been presented as discontinued operations within the HCM segment in the consolidated financial statements and accompanying notes for all periods presented. The amounts in the table below reflect the operating results and gain on sale of the Divested Benefits Continuation Businesses reported as discontinued operations, as well as supplemental disclosures of the discontinued operations:

	Year Ended December 31,		
	2017	2016	2015
Net revenues	$ —	$ 4.8	$ 40.0
(Loss) income from operations before income taxes	—	(0.8)	12.2
Gain (loss) on sale of businesses	0.5	21.0	(28.9)
Income tax expense	(0.2)	(10.3)	—
Income (loss) from discontinued operations, net of income taxes	$ 0.3	$ 9.9	$ (16.7)
Depreciation and amortization	$ —	$ —	$ 0.4
Capital expenditures	$ —	$ —	$ 0.5

The purchase price of the Consumer-Directed Benefit Services was subject to adjustment, dependent upon which customers transitioned to the acquirer. The proceeds of $15.0 for the Consumer-Directed Benefit Services were received on the sale date in the third quarter of 2013. Since a portion of the customer contracts were assigned to the acquirer on the sale date,

that portion of the purchase price was recognized upon the sale date. For the remaining contracts that required transition, the purchase price was deferred and recognized as each contract transferred. The final calculation of the purchase price was determined during the second quarter of 2015, which resulted in the recognition of an additional gain of $1.5.

For both sales of the Divested Benefits Continuation Businesses, consideration received was contingent upon the number and dollar value of successful customer transitions and is recorded when earned. Proceeds of $21.0, and $0.4 were received and earned based on the customers transitioned during the years ended December 31, 2016, and 2015, respectively. The proceeds received during the year ended December 31, 2017, were for a final purchase price true-up related to one of the transactions.

Both sales of the Divested Benefits Continuation Businesses were considered a sale of a business, and as such, a portion of goodwill was assigned to each disposed business based on its relative fair value. This resulted in a combined goodwill assignment of $22.5, which is included in the loss on sale within discontinued operations. Additionally, a write-off of the long-lived assets associated with the disposal group of $8.1 is included in the loss on sale within discontinued operations. These long-lived assets consisted primarily of customer lists and relationships intangible assets, equipment, and software.

The amounts in the table below reflect the assets and liabilities reported as discontinued operations for the Divested Benefits Continuation Businesses. These amounts are included within other current assets and other accrued expenses, respectively, in our consolidated balance sheets:

	December 31,			
	2017		2016	
Assets:				
Other assets	$	—	$	0.1
Assets of discontinued operations	$	—	$	0.1
Liabilities:				
Accounts payable	$	—	$	0.4
Other liabilities		0.3		0.5
Liabilities of discontinued operations	$	0.3	$	0.9

Comdata Merger

On November 14, 2014, Ceridian LLC completed the merger of Comdata and its subsidiaries, with and into a subsidiary of FleetCor Technologies Inc. ("FleetCor"), with Comdata surviving as a wholly-owned subsidiary of FleetCor (the "Merger Agreement" or "Comdata Merger"). The existing $2,272.3 of Comdata debt was paid down and 7.6 million shares of FleetCor common stock were issued to Ceridian LLC in connection with the merger. On July 24, 2015, the final settlement of the consideration for the Comdata Merger was agreed upon by Ceridian LLC and FleetCor, resulting in a reduction of 53,590 shares of FleetCor common stock issued to Ceridian LLC. The shares of FleetCor common stock were equity securities classified as available for sale, and any unrealized gains and losses related to changes in the fair value of the common stock were recorded within Other Comprehensive Income in the Consolidated Statements of Comprehensive Income (Loss).

On two separate occasions during the year ended December 31, 2016, and on three separate occasions during the year ended December 31, 2015, we sold shares of the FleetCor stock received as consideration for the Comdata Merger. The majority of the proceeds from these sales of shares, net of fees, were distributed to the shareholders of Ceridian Holding LLC. The shares of FleetCor stock sold during the second quarter of 2016 were shares held in escrow. Refer to discussion of the escrow below. On November 14, 2016, a portion of the proceeds from the 2016 sales were released from escrow and distributed to shareholders. The

remaining proceeds were released from escrow on November 14, 2017 and are classified as cash and equivalents within our consolidated balance sheets as of December 31, 2017. The table below shows the sale transactions and distributions:

Date of Share Sale	Number of Shares Sold (in millions)	Proceeds Received	Gain on Sale of Shares	Amount of Distribution	Date of Distribution to Shareholders
May 21, 2015	2.8	$ 427.9	$ 17.0	$ 427.3	June 19, 2015
September 9, 2015	2.9	$ 431.5	$ 8.1	$ 430.5	October 14, 2015
November 20, 2015	0.5	$ 70.7	$ 0.3	$ 70.7	December 18, 2015
May 13, 2016	0.7	$ 106.8	$ 2.6	$ 106.8	November 17, 2016
June 10, 2016	0.7	$ 103.0	$ 1.3	$ 3.0	November 17, 2016

As a result of this transaction, the Comdata business has been presented as discontinued operations in the consolidated financial statements and accompanying notes for all periods presented. The amounts in the table below reflect the adjustments to the gain on sale of the business during the periods presented and are reported as discontinued operations:

	Year Ended December 31,		
	2017	2016	2015
Gain (loss) on sale of business	$ 11.8	$ 2.0	$ (7.5)
Income from discontinued operations, net of income taxes	$ 11.8	$ 2.0	$ (7.5)

Under the terms of the Merger Agreement, Ceridian LLC provided certain representations, warranties and assumed certain indemnification obligations, including an indemnification to FleetCor related to certain tax aspects of the Separation Transaction (the "Tax Matters Indemnification"). The maximum exposure for the indemnification obligations, per the Merger Agreement, was $550.0 from the first up to the second anniversary of the closing date, $400.0 from the second up to the third anniversary of the closing date, and zero thereafter. Approximately 1.9 million shares of FleetCor common stock were placed in an escrow account as collateral for the indemnification obligations, and unless an indemnification claim had been made, were released on a step-down basis over the indemnification period. Approximately 0.6 million shares of FleetCor common stock were released from escrow on November 14, 2015. In 2016, the remaining shares of FleetCor common stock were sold, and the proceeds were deposited into the escrow account. Approximately $110.3 of cash was released from escrow on November 14, 2016. Additionally, Ceridian LLC had pledged all of the issued and outstanding equity interests of Ceridian HCM as of the closing date as security for payment or performance of the indemnification obligations. We performed an analysis of the Tax Matters Indemnification and recorded a liability for this indemnification in accordance with ASC 460, *Guarantees.* This liability was initially recorded at fair value, and we recognized our release from risk over the term of the indemnification in income from discontinued operations. During the year ended December 31, 2017, the indemnification period expired, and the remaining liability of $11.8 was released to the income statement as a gain on sale of business.

4. Business Combinations and Noncontrolling Interest

On March 1, 2016, we entered into a strategic joint venture with WorkAngel Technology Limited (“WorkAngel”) in which we contributed our existing LifeWorks business to a newly formed English limited company (WorkAngel Organisation Limited or the “Joint Venture Company”). The shareholders of WorkAngel contributed all of the issued and outstanding shares of WorkAngel to the Joint Venture Company. In exchange for consideration contributed, we received 10,063,749 Class A shares

and WorkAngel shareholders received 10,063,749 Class B shares. On January 20, 2017, WorkAngel Organisation Limited changed its name to LifeWorks Corporation Ltd.

We have a controlling interest in the Joint Venture Company, including certain preferential distribution rights; therefore, the Joint Venture Company is consolidated within our financial statements, and the other joint venture ownership interest component is presented as a noncontrolling interest. As a result of holding a controlling interest in the Joint Venture Company, this transaction has been accounted for as a business combination, whereby the Joint Venture Company acquired all of the issued and outstanding shares of WorkAngel in exchange for 10,063,749 Class B shares in the Joint Venture Company, valued at $39.2 as of March 1, 2016. Concurrently, we recorded the initial noncontrolling interest of $39.2 on our consolidated balance sheet. At the acquisition date, the net assets of WorkAngel were approximately $2.1, which were comprised of $1.2 of cash and $0.9 of net working capital. As a result, we have recorded $37.1 of goodwill related to the acquisition of WorkAngel. The goodwill recorded principally relates to the assembled workforce of WorkAngel.

Shareholder distributions will occur upon a liquidation event, as defined by the joint venture agreement. Holders of the Class A shares will have rights to 75 percent of the distributions up to $250.0, 25 percent of the distributions between $250.0 and $500.0, and 50 percent thereafter. Holders of Class B shares have rights to the remaining distributions. Income attributable to noncontrolling interest has been calculated by applying the Class B distribution percentages to the joint venture earnings as reported on a stand-alone basis. During the year ended December 31, 2017, the loss attributable to the noncontrolling interest was $1.3. During the year ended December 31, 2016, the income attributable to the noncontrolling interest was $0.1.

Ceridian Holding II LLC

On March 30, 2016, Ceridian HCM entered into an equity financing transaction with Ceridian Holding II. Ceridian Holding II raised $150.2 from our Sponsors, certain of their co-investors, and certain other existing shareholders of Ceridian Holding. Of such amount, $75.0 was contributed by Ceridian Holding II to Ceridian HCM on March 30, 2016, with Ceridian Holding II committing to fund the remaining $75.2 to Ceridian HCM within the next three years, subject to approval by Ceridian Holding II's board of directors. The remaining $75.2 commitment has been recorded within equity as a receivable from stockholder.

In connection therewith, Ceridian HCM issued $150.2 of senior convertible participating preferred stock (the “Senior Preferred Stock”) to Ceridian Holding II. The Senior Preferred Stock is senior in priority to all outstanding equity securities of Ceridian HCM and may be converted to common stock at the option of the holder for a number of shares based on the conversion price. The initial conversion price is equal to the original issuance price and is subject to adjustment for certain events of dilution, including common stock dividends, stock splits, mergers and reorganizations. In the event of an initial public offering, the Senior Preferred Stock is automatically converted to common stock. The Senior Preferred Stock receives a 12.5% annual dividend (not cash paying). In the event of liquidation, the Senior Preferred Stock has a liquidation preference equal to 1.5 times the initial face amount plus any accrued but unpaid dividends. The Senior Preferred Stock is not considered disqualified stock under our debt covenants, and is thereby not prohibited by our debt covenants, because it does not mature and is not mandatorily redeemable at the option of the holder prior to 91 days after the maturity of the Ceridian Senior Secured Credit Facility.

This transaction created a noncontrolling interest in Ceridian HCM, whereby the noncontrolling interest balance represents the ownership of Ceridian HCM by Ceridian Holding II in addition to the dividends earned from the Senior Preferred Stock.

5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). U.S. GAAP outlines a valuation framework and creates a fair value hierarchy intended to increase the consistency and comparability of fair value measurements and the related disclosures. Certain assets and liabilities must be measured at fair value, and disclosures are required for items measured at fair value.

We measure our financial instruments using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (that is, interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 inputs include unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internal data.

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

As of December 31, 2017, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Available for sale customer trust funds assets	$ 1,782.1	$ —	$ 1,782.1 (a)	$ —
Total assets measured at fair value	$ 1,782.1	$ —	$ 1,782.1	$ —

As of December 31, 2016, our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	Total	Level 1	Level 2	Level 3
Assets				
Available for sale customer trust funds assets	$ 1,755.4	$ —	$ 1,755.4 (a)	$ —
Total assets measured at fair value	$ 1,755.4	$ —	$ 1,755.4	$ —

(a) Fair value is based on inputs that are observable for the asset or liability, other than quoted prices.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the year ended December 31, 2017, we did not re-measure any financial assets or liabilities at fair value on a nonrecurring basis. During the year ended December 31, 2016, we re-measured our trade name intangible asset to fair value on a nonrecurring basis. Please refer to Note 13, "Supplementary Data to Statement of Operations," for further discussion. Fair value was based on the relief from royalty method, which is categorized in Level 3 of the fair value hierarchy.

6. Customer Trust Funds

Overview

In connection with our U.S. and Canadian payroll and tax filing services, we collect funds for payment of payroll and taxes; temporarily hold such funds in trust until payment is due; remit the funds to the clients' employees and appropriate taxing authority; file federal, state and local tax returns; and handle related regulatory correspondence and amendments. The assets held in trust are intended for the specific purpose of satisfying client fund obligations and therefore are not freely available for our general business use.

Our customer trust funds are held and invested with the primary objectives being to ensure adequate liquidity to meet cash flow requirements and to protect the principal balance. Accordingly, we maintain on average approximately 45% of customer trust funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, or collateralized short-term investments; and we maintain on average approximately 55% of customer trust funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of U.S. Treasury and agency securities, Canada government and provincial securities, as well as highly rated asset-backed, mortgage-backed, municipal, corporate and bank securities. To maintain sufficient liquidity in the trust to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing.

Financial Statement Presentation

Investment income from invested customer trust funds constitutes a component of our compensation for providing services under agreements with our customers. Investment income from invested customer trust funds included in revenue amounted to $46.5, $39.1, and $36.9 for the years ended December 31, 2017, 2016, and 2015, respectively. Investment income includes interest income, realized gains and losses from sales of customer trust funds' investments, and unrealized credit losses determined to be other-than-temporary.

The amortized cost of customer trust funds as of December 31, 2017 and 2016, is comprised of the original cost of assets acquired. The amortized cost and fair values of investments of customer trust funds available for sale at December 31, 2017 and 2016, were as follows:

Investments of Customer Trust Funds at December 31, 2017

	Amortized	Gross Unrealized		Fair
	Cost	Gain	Loss	Value
Money market securities, investments carried at cost and other cash equivalents	$ 2,309.3	$ —	$ —	$ 2,309.3
Available for sale investments:				
U.S. government and agency securities	584.6	0.1	(7.1)	577.6
Canadian and provincial government securities	418.2	6.6	(1.5)	423.3
Corporate debt securities	472.3	0.8	(2.5)	470.6
Asset-backed securities	280.8	—	(1.8)	279.0
Mortgage-backed securities	15.0	—	(0.2)	14.8
Other securities	17.0	—	(0.2)	16.8
Total available for sale investments	1,787.9	7.5	(13.3)	1,782.1
Invested customer trust funds	4,097.2	$ 7.5	$ (13.3)	4,091.4
Trust receivables	8.3			8.3
Total customer trust funds	$ 4,105.5			$ 4,099.7

Investments of Customer Trust Funds at December 31, 2016

	Amortized	Gross Unrealized		Fair
	Cost	Gain	Loss	Value
Money market securities, investments carried at cost and other cash equivalents	$ 1,941.9	$ —	$ —	$ 1,941.9
Available for sale investments:				
U.S. government and agency securities	607.7	0.9	(4.7)	603.9
Canadian and provincial government securities	380.0	12.9	(0.1)	392.8
Corporate debt securities	511.7	3.1	(1.2)	513.6
Asset-backed securities	192.2	0.4	(0.3)	192.3
Mortgage-backed securities	28.7	—	(0.2)	28.5
Other securities	24.6	—	(0.3)	24.3
Total available for sale investments	1,744.9	17.3	(6.8)	1,755.4
Invested customer trust funds	3,686.8	$ 17.3	$ (6.8)	3,697.3
Trust receivables	5.5			5.5
Total customer trust funds	$ 3,692.3			$ 3,702.8

The following represents the gross unrealized losses and the related fair value of the investments of customer trust funds available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2017.

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. government and agency securities	$ (3.6)	$ 436.7	$ (3.5)	$ 113.5	$ (7.1)	$ 550.2
Canadian and provincial government securities	(1.5)	133.4	—	—	(1.5)	133.4
Corporate debt securities	(2.0)	264.2	(0.5)	41.4	(2.5)	305.6
Asset-backed securities	(1.7)	239.6	(0.1)	17.0	(1.8)	256.6
Mortgage-backed securities	(0.1)	4.1	(0.2)	10.4	(0.3)	14.5
Other securities	(a)	2.4	(0.1)	12.6	(0.1)	15.0
Total available for sale investments	$ (8.9)	$ 1,080.4	$ (4.4)	$ 194.9	$ (13.3)	$ 1,275.3

(a) These investments have been in an unrealized loss position; however, the amount of unrealized loss is less than $0.05.

Management does not believe that any individual unrealized loss as of December 31, 2017, represents an other-than-temporary impairment. The unrealized losses are primarily attributable to changes in interest rates and not to credit deterioration. We currently do not intend to sell or expect to be required to sell the securities before the time required to recover the amortized cost.

The amortized cost and fair value of investment securities available for sale at December 31, 2017, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or to prepay obligations with or without call or prepayment penalties.

	December 31, 2017	
	Cost	Fair Value
Due in one year or less	$ 2,761.6	$ 2,762.0
Due in one to three years	518.3	648.8
Due in three to five years	528.8	473.9
Due after five years	288.5	206.7
Invested customer trust funds	$ 4,097.2	$ 4,091.4

7. Trade and Other Receivables, Net

The balance in trade and other receivables, net, is comprised of the following:

	December 31,	
	2017	2016
Trade receivables from customers	$ 81.9	$ 78.1
Interest receivable from invested customer trust funds	1.7	0.5
Other	3.6	6.0
Total gross receivables	87.2	84.6
Less: reserve for sales adjustments	(4.8)	(4.2)
Less: allowance for doubtful accounts	(2.7)	(2.3)
Trade and other receivables, net	$ 79.7	$ 78.1

The activity related to the allowance for doubtful accounts is as follows for each of the periods:

	Year Ended December 31,		
	2017	2016	2015
Balance at beginning of year	$ 2.3	$ 1.4	$ 1.8
Provision for doubtful accounts	1.1	1.3	0.7
Charge-offs, net of recoveries	(0.7)	(0.4)	(1.1)
Balance at end of year	$ 2.7	$ 2.3	$ 1.4

8. Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	December 31,	
	2017	2016
Land	$ 7.5	$ 7.5
Software	207.2	171.7
Machinery and equipment	122.1	103.9
Buildings and improvements	36.6	36.2
Total property, plant and equipment	373.4	319.3
Accumulated depreciation	(269.6)	(232.4)
Property, plant and equipment, net	$ 103.8	$ 86.9

Depreciation expense of property, plant, and equipment totaled $36.3, $35.8, and $34.1 for the years ended December 31, 2017, 2016, and 2015, respectively.

9. Goodwill and Intangible Assets

Goodwill

Goodwill and changes therein were as follows for the years ended December 31, 2017 and 2016:

	HCM	LifeWorks	Total
Balance at December 31, 2015	$ 2,008.5	$ —	$ 2,008.5
Formation of Joint Venture Company (See Note 4)	(87.7)	87.7	—
Acquisition of WorkAngel (See Note 4)	—	37.1	37.1
Translation	12.3	0.1	12.4
Balance at December 31, 2016	1,933.1	124.9	2,058.0
Translation	27.9	1.4	29.3
Balance at December 31, 2017	$ 1,961.0	$ 126.3	$ 2,087.3
Tax-deductible goodwill at December 31, 2017	$ 12.2	$ —	$ 12.2

We perform an impairment assessment of our goodwill balances as of October 1 of each year. Goodwill impairment testing is performed at the level below the business segments (referred to as a reporting unit). Our reporting units are HCM and LifeWorks.

As of January 1, 2017, we elected early adoption of ASU No. 2017-04, "Intangibles-Goodwill and Other," which simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. We performed the annual impairment quantitative test for both our HCM and LifeWorks reporting units as of October 1, 2017, and concluded that the fair values exceeded its respective carrying amounts. Based on these quantitative assessments, we determined that no goodwill impairment existed for either our HCM or LifeWorks reporting units as of October 1, 2017; however, our quantitative test for LifeWorks resulted in the fair value exceeding its carrying amount, but the excess was less than 10 percent. Because a majority of the LifeWorks goodwill was recently recorded in connection with the creation of the Joint Venture Company and acquisition of WorkAngel, representing fair value as of March 1, 2016, there is not a significant excess of fair value over carrying amount as of October 1, 2017. We have a risk of future impairment to the extent that individual reporting unit performance does not meet our projections. Additionally, if our current assumptions and estimates, including projected revenues and income growth rates, terminal growth rates, competitive and consumer trends, market-based discount rates, and other market factors, are not met, or if valuation factors outside of our control change unfavorably, the estimated fair value of our goodwill could be adversely affected, leading to a potential impairment in the future. No events occurred during the period ended December 31, 2017, that indicated it was more likely than not that our goodwill was impaired.

Intangible Assets

Other intangible assets consist of the following as of December 31, 2017:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
Customer lists and relationships	$ 248.4	$ (209.3)	$ 39.1	5-15
Tradename	174.0	(2.1)	171.9	0
Technology	155.6	(154.2)	1.4	2-7
Total other intangible assets	$ 578.0	$ (365.6)	$ 212.4	

We perform an impairment assessment of our trade name intangible assets as of October 1 of each year. We performed the relief from royalty method impairment test as of October 1, 2017, and concluded that the fair value of our trade name intangible assets exceeded its respective carrying amount.

Other intangible assets consist of the following as of December 31, 2016:

	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
Customer lists and relationships	$ 244.5	$ (185.7)	$ 58.8	5-15
Tradename	173.6	(1.9)	171.7	0
Technology	152.5	(150.1)	2.4	2-7
Total other intangible assets	$ 570.6	$ (337.7)	$ 232.9	

The gross carrying amount of the trade name intangibles asset as of December 31, 2016, reflects an impairment of $10.2 recorded during the year ended December 31, 2016. The sale of the UK Business was considered a triggering event to test the trade name intangible asset for impairment. Please refer to Note 13, "Supplementary Data to Statement of Operations," for further discussion.

Amortization expense related to definite-lived intangible assets was $21.6, $21.5, and $21.9 for the years ended December 31, 2017, 2016, and 2015, respectively. We estimate the future amortization of other intangible assets held at December 31, 2017, will be:

Years Ending December 31,	Amount
2018	$ 21.8
2019	18.2
2020	0.1
2021	0.1
2022	—

10. Debt

Overview

Set forth below is a description of certain debt facilities for which Ceridian was obligated during the periods covered by these consolidated financial statements. Generally, Ceridian's debt obligations can be described as follows: (i) through the period which ended with the Separation Transaction on October 1, 2013, Ceridian LLC, Ceridian HCM and Comdata were jointly and severally liable for the Ceridian LLC's various debt facilities; (ii) in connection with the Separation Transaction, each of Ceridian HCM and Comdata assumed a portion of such debt facilities; and (iii) thereafter, in connection with the Comdata Merger on November 14, 2014, Ceridian HCM became the sole obligor of its own debt and was released from any liability relating to Ceridian LLC and Comdata indebtedness.

- Ceridian LLC entered into a Credit Agreement, originally dated November 9, 2007, as amended on multiple occasions, pursuant to which a revolving credit facility ("Parent Revolving Credit Facility") and term debt ("Parent Term Debt") (together referred to as the "Parent Senior Secured Credit Facility") were made available. Such Parent Senior Secured Credit Facility was secured by all assets of Ceridian LLC and was senior to certain other debt of Ceridian LLC. During the third quarter of 2012, Ceridian LLC (i) amended the terms of the original 2007 credit agreement to reduce the principal amount of the Parent Senior Secured Credit Facility and (ii) issued its Senior Secured Notes due 2019 (the "Parent Senior Secured Notes") (together, the "Amend and Extend Transaction"). The Parent Senior Secured Credit Facility and the Parent Senior Secured Notes were both secured by the same collateral and shared the same priority among Ceridian LLC's various debt obligations.

- As part of the Separation Transaction on October 1, 2013, (i) Comdata assumed responsibility for the Parent Senior Secured Notes and (ii) Ceridian HCM and Comdata each assumed repayment responsibility for a portion of the Parent Senior Secured Credit Facility. On August 6, 2014, the Parent Senior Secured Credit Facility was then refinanced and provided for three facilities:
  1. $673.0 Term Loan B-1 Facility: this tranche named Comdata and Ceridian LLC as co-borrowers, with Ceridian HCM and other entities as co-guarantors;
  2. $702.0 Term Loan B-2 Facility (the "Ceridian Term Loan B-2 Debt"): this tranche named Ceridian HCM and Ceridian LLC as co-borrowers, with Comdata and other entities as co-guarantors and provided that, upon

satisfaction of certain credit conditions, Ceridian HCM could become the sole borrower and the Ceridian LLC, Comdata and the other Comdata affiliates would be released from their obligations; and

3. $130.0 Revolving Credit Facility: this facility provided Ceridian LLC and Ceridian HCM a revolving credit facility and provided that, upon satisfaction of certain credit conditions, Ceridian HCM could become sole borrower.

The credit conditions allowing for transition to a stand-alone Ceridian HCM credit facility were measured, in part, upon EBITDA, with certain adjustments as set forth in the credit documents ("Credit Facility EBITDA"). Ceridian HCM was required to meet (i) a secured debt to Credit Facility EBITDA ratio less than or equal to 4.0 to 1.0 and (ii) a total leverage to Credit Facility EBITDA ratio less than or equal to 6.25 to 1.0.

- Ceridian LLC issued its Senior Notes due 2015 (the "Parent Senior Notes") pursuant to an Indenture dated November 9, 2007 as amended on multiple occasions. During the first quarter of 2013, Ceridian LLC issued its Senior Exchangeable Notes due 2021 (the "Parent Senior Exchangeable Notes") which were senior unsecured obligations of Ceridian LLC, exchangeable at any time at the option of Ceridian LLC for notes to be issued by Ceridian HCM, although Ceridian LLC and Comdata remained obligated as guarantors. The proceeds from the issuance of the Parent Senior Exchangeable Notes were used to prepay a portion of the Parent Senior Notes. As part of the Separation Transaction on October 1, 2013, (i) Ceridian HCM issued its Senior Notes due 2021 (the "Ceridian Senior Notes") in exchange for the Parent Senior Exchangeable Notes, with the same credit support as was applicable to the Parent Senior Exchangeable Notes (including guarantees from Ceridian LLC and Comdata) and (ii) the portion of the Parent Senior Notes that then remained outstanding were assumed by Comdata. The Ceridian Senior Notes provided that, upon satisfaction of certain credit conditions, Ceridian HCM could become the sole obligor and Ceridian LLC, Comdata and the other Comdata affiliates would be released from their obligations. These credit conditions were essentially the same as were applicable to the release described above relating to the Ceridian Term Loan B-2 Debt.

In connection with the Comdata Merger on November 14, 2014, Ceridian HCM met the credit conditions noted above, with the result that (i) Ceridian LLC and Comdata were released of all guarantees and obligations relating to Ceridian HCM's debt and (ii) Ceridian LLC and Ceridian were released of all guarantees and obligations related to the Ceridian LLC's indebtedness. The debt for which Ceridian HCM became solely obligated on November 14, 2014, and for which it remains obligated through December 31, 2017, consists of the following:

1. Ceridian HCM entered into a new Credit Agreement dated as of November 14, 2014 pursuant to the terms of which Ceridian HCM became sole borrower of (i) a term loan debt facility (the "Ceridian Term Debt") to replace the debt previously known as the Ceridian Term Loan B-2 Debt and (ii) a revolving credit facility (the "Ceridian Revolving Credit Facility") (the Ceridian Term Debt and the Ceridian Revolving Credit Facility are together referred to as the "Ceridian Senior Secured Credit Facility"), which Ceridian Senior Secured Credit Facility is secured by all assets of Ceridian HCM and is senior to Ceridian HCM's other debt.

2. Ceridian HCM became sole obligor of the Ceridian Senior Notes.

Our debt obligations consist of the following:

	December 31,	
	2017	2016
Ceridian Term Debt, interest rate of 5.1% and 4.5% as of December 31, 2017 and 2016, respectively	$ 657.3	$ 683.2
Ceridian Senior Notes, interest rate of 11.0% as of December 31, 2017 and 2016	475.0	475.0
Ceridian Revolving Credit Facility ($130.0 available capacity less amounts reserved for letters of credit, which were $8.4 and $7.7 as of December 31, 2017, and 2016, respectively)	—	—
Total debt	1,132.3	1,158.2
Less unamortized discount on Ceridian Term Debt	0.9	1.1
Less unamortized debt issuance costs on Ceridian Senior Notes and Ceridian Term Debt	11.6	15.0
Less current portion of long-term debt	—	2.3
Long-term debt, less current portion	$ 1,119.8	$ 1,139.8

Ceridian Senior Secured Credit Facility

Principal Amounts and Maturity Dates

On November 14, 2014, the Ceridian Senior Secured Credit Facility was put into place, consisting of the Ceridian Term Debt in the principal amount of $702.0 and the Ceridian Revolving Credit Facility providing up to $130.0. As of December 31, 2017, the Ceridian Term Debt has a maturity date of September 2020, and the Ceridian Revolving Credit Facility has a maturity date of September 2019. The Ceridian Term Debt requires quarterly principal payments of 0.25% of the original principal amount. Ceridian made mandatory pre-payments towards the principal balance of the Ceridian Term Debt with the proceeds received from the sale of the UK Business during the three months ended June 30, 2016, and September 30, 2017, of $10.0 and $25.9, respectively. These pre-payments were applied against the scheduled quarterly principal payments; and therefore, there are no further scheduled principal payments with respect to the Ceridian Term Debt.

Interest

The effective interest rate on the Ceridian Term Debt at December 31, 2017 and 2016, was 5.1% and 4.5%, respectively. The Ceridian Term Debt bears an interest rate of LIBOR plus 3.5%, subject to a 1.0% LIBOR floor.

Financing Costs and Issuance Discounts

The Ceridian Term Debt had associated unamortized deferred financing costs of $5.4 and $7.3 at December 31, 2017 and 2016, respectively, and are being amortized at the effective interest rate of 4.8%.

Collateral and Guarantees

The Ceridian Senior Secured Credit Facility names Ceridian HCM as the sole borrower and is unconditionally guaranteed by Ceridian HCM's domestic, wholly-owned financially material restricted subsidiaries, subject to certain customary exceptions. The Ceridian Senior Secured Credit Facility is secured by a perfected first priority security interest, subject to certain exceptions (including customer trust funds), in substantially all of Ceridian HCM's and the subsidiary guarantors' tangible and intangible assets. The security interest includes a pledge of the capital stock of certain of Ceridian HCM's direct and indirect material restricted subsidiaries.

Representations, Warranties and Covenants

The documents governing the Ceridian Senior Secured Credit Facility contain certain customary representations and warranties. In addition, those documents contain customary covenants restricting Ceridian HCM's ability and certain of its subsidiaries' ability to, among other things: incur additional indebtedness, issue disqualified stock and preferred stock; create liens; declare dividends; redeem capital stock; make investments; engage in a materially different line of business; engage in certain mergers, consolidations, acquisitions, asset sales or other fundamental changes; engage in certain transactions with affiliates; enter into certain restrictive agreements; make prepayments on any subordinated indebtedness; modify junior financing documentation; and make changes to our fiscal year.

The Ceridian Senior Secured Credit Facility documents contain a requirement that Ceridian HCM maintain a ratio of adjusted first lien debt to Credit Facility EBITDA below specified levels on a quarterly basis; however, such requirement is applicable only if more than 35% of the Ceridian Revolving Credit Facility is drawn. As of December 31, 2017, no portion of the Ceridian Revolving Credit Facility was drawn.

Events of Default

Events of default under the Senior Secured Credit Facility documents include, but are not limited to: failure to pay interest, principal and fees or other amounts when due; material breach of any representation or warranty; covenant defaults; cross defaults to other material indebtedness; events of bankruptcy, invalidity of security interests; a change of control, material judgments for payment of money; involuntary acceleration of any debt; and other customary events of default. There were no events of default as of December 31, 2017.

Ceridian Senior Notes

General Description

On October 1, 2013, Ceridian HCM issued the Ceridian Senior Notes due 2021 in the principal amount of $475.0, in exchange for the Parent Senior Exchangeable Notes.

As described above, in connection with the Comdata Merger on November 14, 2014, Ceridian HCM met the credit conditions to allow the Ceridian Senior Notes to transition to stand-alone obligations of Ceridian. The Ceridian Senior Notes are unsecured.

The Ceridian Senior Notes may be redeemed, in whole or in part, at redemption prices decreasing from 108.25% of the principal amount thereof to par on March 15, 2019 (and thereafter), plus accrued and unpaid interest.

Interest

The interest rate on the Ceridian Senior Notes was fixed at 11.0% as of December 31, 2017 and 2016.

Financing Costs and Issuance Discounts

As a result of the issuance of the Parent Senior Exchangeable Notes in the first half of 2013 which partially redeemed the Parent Senior Notes, Ceridian recorded a one-time charge to interest expense which represented the call premium, related unamortized discount and deferred financing fees of the partially redeemed Parent Senior Notes. The Parent Senior Exchangeable Notes had unamortized deferred financing costs of $6.2 and $7.7 at December 31, 2017 and 2016, respectively. Deferred financing costs are being amortized at the effective interest rate of 11.45% and will be amortized over the term of the Ceridian Senior Notes since the transaction was deemed to be an exchange of debt.

Other Information Relating to Indebtedness

Future Payments and Maturities of Debt

The future principal payments and maturities of our indebtedness are as follows:

Years Ending December 31,		Amount
2018	$	—
2019		—
2020		657.3
2021		475.0
2022		—
Thereafter		—
	$	1,132.3

Ceridian may be required to make additional payments on the Ceridian Term Debt from various sources, including proceeds of certain indebtedness which may be incurred from time to time, certain asset sales and a certain percentage of cash flow. No mandatory redemption of the Ceridian Senior Notes is required prior to maturity, except in the event of a change in control. There is an excess cash flow calculation associated with the Ceridian Term Debt, and based on this calculation, we are not required to make a prepayment on the Ceridian Term Debt in the first quarter of 2018.

Fair Value of Debt

Our debt does not trade in active markets. Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities and the limited trades of our debt, the fair value of our indebtedness was estimated to be $1,154.1 and $1,166.9 as of December 31, 2017 and 2016, respectively.

Priority of Debt

In the event of liquidation, the Ceridian Senior Secured Credit Facility has priority over the Ceridian Senior Notes with respect to the proceeds of collateral.

Other Debt Financing

Ceridian Canada had available at December 31, 2017 and 2016, a committed bank credit facility that provided up to CDN $7.0 and $7.0, respectively, for issuance of letters of credit, and it is a discretionary line at the option of the bank. The amounts of letters of credit outstanding under this facility were CDN $7.0 (USD $5.6) and CDN $7.0 (USD $5.2) at December 31, 2017 and 2016, respectively.

11. Employee Benefit Plans

Ceridian maintains numerous benefit plans for current and former employees. As of December 31, 2017, our current active benefit plans include defined contributions plans for substantially all employees. All other defined benefit plans have been frozen.

Defined Contribution Plans

Ceridian maintains defined contribution plans that provide retirement benefits to substantially all of our employees. Contributions are based upon the contractual obligations of each respective plan. We recognized expense of $8.1, $7.4, and $7.6 for the years ended December 31, 2017, 2016, and 2015, respectively, with regard to employer contributions to these plans.

Defined Benefit Plans

Ceridian maintains defined benefit pension plans covering certain of our current and former U.S. employees (the U.S. defined benefit plan and nonqualified defined benefit plan, collectively referred to as our “defined benefit plans”), as well as other postretirement benefit plans for certain U.S. retired employees that include heath care and life insurance benefits.

Pension Benefits

The largest defined benefit pension plan (the “U.S. defined benefit plan”) is a defined benefit plan for certain current and former U.S. employees that closed to new participants on January 2, 1995. In 2007, the U.S. defined benefit plan was amended (1) to exclude from further participation any participant or former participant who was not employed by Ceridian LLC or another participating employer on January 1, 2008, (2) to discontinue participant contributions, and (3) to freeze the accrual of additional benefits as of December 31, 2007. The measurement date for pension benefit plans is December 31.

Assets of the U.S. defined benefit plan are held in an irrevocable trust and do not include any Ceridian securities. Benefits under this plan are generally calculated on final or career average earnings and years of participation in the plan. Most participating employees were required to permit salary reduction contributions to the plan on their behalf by the employer as a condition of active participation. Retirees and other former employees are inactive participants in this plan and constitute approximately 98% of the plan participants. This plan is funded in accordance with funding requirements under the Employee Retirement Income Security Act of 1974, based on determinations of a third-party consulting actuary. Investment of the U.S. defined benefit plan assets in Ceridian securities is prohibited by the investment policy. We made a contribution amounting to $21.1 in 2017 to the U.S. defined benefit plan. We expect to make contributions to the U.S. benefit plan amounting to $18.5 during 2018. As a result of the Comdata merger on November 14, 2014, Comdata and its subsidiaries are no longer included in the group of companies that are obligated under the U.S. defined benefit plan.

Ceridian also sponsors a nonqualified supplemental defined benefit plan (the “nonqualified defined benefit plan”), which is unfunded and provides benefits to selected U.S. employees in addition to the U.S. defined benefit plan. We made contributions to the nonqualified defined benefit plan amounting to $1.9 in 2017 and expect to make contributions of $1.8 during 2018.

We account for our defined benefit plans using actuarial models. These models use an attribution approach that generally spreads the effect of individual events over the estimated life expectancy of the employees in such plans. These events include plan amendments and changes in actuarial assumptions such as the expected long-term rate of return on plan assets, discount rate related to the benefit obligation, rate of active participants’ compensation increases and mortality rates.

One of the principal components of the net periodic pension calculation is the expected long-term rate of return on plan assets. The required use of expected long-term rate of return on plan assets may result in recognized pension income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns that contribute to the settlement of the liability. Differences between actual and expected returns are recognized in the net periodic pension calculation over three years. We use long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop our expected return on plan assets.

The discount rate assumption is used to determine the benefit obligation and the interest portion of the net periodic pension cost (credit) for the following year. We utilize a full yield curve approach for our discount rate assumption by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. As of December 31, 2017, a 25 basis point decrease in the discount rate would result in a $0.2 decrease to expense for all pension plans.

At December 31, 2016, we updated our mortality assumptions utilizing an improvement scale issued by the Society of Actuaries in October 2016, which resulted in a $12.0 decrease in the projected benefit obligation. At December 31, 2017, we updated our mortality assumptions utilizing an improvement scale issued by the Society of Actuaries in October 2017, which resulted in a $6.0 reduction in the projected benefit obligation.

The funded status of defined benefit plans represents the difference between the projected benefit obligation and the plan assets at fair value. The projected benefit obligation of defined benefit plans exceeded the fair value of plan assets by $154.4 and $189.5 at December 31, 2017 and 2016, respectively. We are required to record the unfunded status as a liability in our consolidated balance sheets and recognize the change in the funded status in comprehensive income, net of deferred income taxes.

The projected future payments to participants from defined benefit plans are included in the table below.

Years Ending December 31,		**Amount**
2018	$	46.8
2019		46.3
2020		45.4
2021		44.4
2022		43.1
Next five years	$	193.5

The accompanying tables reflect the combined funded status and net periodic pension cost and combined supporting assumptions for the defined benefit elements of our defined benefit plans.

Funded Status of Defined Benefit Retirement Plans at Measurement Date	Year Ended December 31,	
	2017	2016
Change in Projected Benefit Obligation During the Year:		
Projected benefit obligation at beginning of year	$ 605.9	$ 636.0
Service cost	—	—
Interest cost	17.2	18.2
Actuarial loss	20.3	4.3
Benefits paid and plan expenses	(50.4)	(52.6)
Projected benefit obligation at end of year	$ 593.0	$ 605.9
Change in Fair Value of Plan Assets During the Year:		
Plan assets at fair value at beginning of year	416.4	410.1
Actual return on plan assets	49.6	20.5
Employer contributions	23.0	38.4
Benefits paid and plan expenses	(50.4)	(52.6)
Plan assets at fair value at end of year	438.6	416.4
Funded status of plans	$ (154.4)	$ (189.5)

	December 31,	
Amounts recognized in Consolidated Balance Sheets	2017	2016
Current liability	$ 20.3	$ 27.1
Noncurrent liability	134.1	162.4
Amounts recognized in Accumulated Other Comprehensive Loss		
Accumulated other comprehensive loss, net of tax of $91.5 and $91.5, respectively	$ 151.4	$ 167.2

The other comprehensive (income) loss related to pension benefit plans is as follows:

	Year Ended December 31,		
	2017	2016	2015
Net actuarial (gain) loss	$ (3.0)	$ 9.5	$ 2.2
Amortization of net actuarial loss	(12.8)	(12.5)	(13.3)
Tax expense	—	0.1	—
Other comprehensive income, net of tax	$ (15.8)	$ (2.9)	$ (11.1)

	Year Ended December 31,		
Assumption Used in Calculations	2017	2016	2015
Discount rate used to determine net benefit cost	3.63%	3.76%	3.50%
Expected return on plan assets	6.30%	6.30%	6.50%
Discount rate used to determine benefit obligations	3.25%	3.63%	3.76%

Net Periodic Pension Cost	Year Ended December 31, 2017	2016	2015
Interest cost	$ 17.2	$ 18.2	$ 23.3
Expected return on plan assets	(26.3)	(25.7)	(26.6)
Actuarial loss amortization	12.8	12.5	13.3
Net periodic pension cost	$ 3.7	$ 5.0	$ 10.0

The accumulated benefit obligation of defined benefit plans was $593.0 and $605.9 as of December 31, 2017 and 2016, respectively.

The amount in accumulated other comprehensive loss that is expected to be recognized as a component of net periodic pension cost during 2018 is a net actuarial loss of $14.2.

Our overall investment strategy for the U.S. defined benefit plan is to achieve a mix of approximately 75% of investments for long term growth, 23% for liability hedging purposes and 2% for near-term benefit payments. Target asset allocations are based upon actuarial and capital market studies performed by experienced outside consultants. The target allocations for the growth assets are 38% fixed income, 27% domestic equities, 25% international equities and 10% hedge funds. Specifically, the target allocation is managed through investments in fixed income securities, equity funds, collective investment funds, partnerships and other investment types. The underlying domestic equity securities include exposure to large/mid-cap companies and small-cap companies. Fixed income securities include corporate debt, mortgage-backed securities, U.S. Treasury and U.S. agency debt, emerging market debt and high yield debt securities. The alternative investment strategy is allocated to investments in hedge funds. The liability hedging portfolio fair value is intended to move in a direction that partially offsets the increase or decrease in the liabilities resulting from changes in interest rates. To achieve this objective, the portfolio will invest in U.S. Treasury strips and various interest rate derivatives contracts. We hire outside managers to manage all assets of the U.S. defined benefit plan.

In determining the fair values of the defined benefit plan's assets, we have elected to evaluate the fair value of certain investments using net asset value per share. These investments do not have any significant unfunded commitments, conditions or restrictions on redemption, or any other significant restriction on their sale. The fair values of the defined benefit plan's assets at December 31, 2017, by asset category are as follows:

Investments, at fair value:	Total	Level 1	Level 2	Level 3
Short-term investments	$ 36.8	$ 36.8	$ —	$ —
Derivatives (a)	14.8	—	14.8	—
Government securities	88.1	—	88.1	—
Corporate debt securities	18.3	—	18.3	—
Collective investment funds:				
Domestic equity (b)	144.4	—	144.4	—
Foreign equity (b)	57.5	—	57.5	—
Foreign bond (c)	41.8	—	41.8	—
Partnerships (d)	35.3	—	35.3	—
Hedge fund of funds (e)	1.6	—	1.6	—
Total investments, at fair value	$ 438.6	$ 36.8	$ 401.8	$ —

The fair values of our defined benefit plan's assets at December 31, 2016, by asset category are as follows:

Investments, at fair value:	Total		Level 1		Level 2		Level 3	
Short-term investments	$	34.0	$	34.0	$	—	$	—
Derivatives (a)		19.0				19.0		
Government securities		88.9		—		88.9		—
Corporate debt securities		25.5		—		25.5		—
Collective investment funds:								
Domestic equity (b)		66.7		—		66.7		—
Foreign equity (b)		86.0		—		86.0		—
Foreign bond (c)		33.3		—		33.3		—
Partnerships (d)		32.7		—		32.7		—
Hedge fund of funds (e)		30.3		—		30.3		—
Total investments, at fair value	$	416.4	$	34.0	$	382.4	$	—

(a) Funds in this category invest in interest rate swaps to reduce exposure to long-term interest rate risk and to achieve overall investment portfolio objectives.

(b) Funds in this category invest in a diversified portfolio of domestic and/or foreign stocks to achieve a long-term rate of return.

(c) Funds in this category invest in various types of domestic and/or foreign debt securities to achieve a long-term rate of return while preserving capital.

(d) Funds within this category invest in a bond fund partnership which holds various types of domestic debt securities to achieve a long-term rate of return while preserving capital.

(e) Funds within this category invest in various underlying hedge funds and are designed to provide superior risk adjusted returns as well as portfolio diversification relative to traditional asset classes.

Postretirement Benefits

Ceridian provides health care and life insurance benefits for eligible retired employees, including individuals who retired from operations we subsequently sold or discontinued. Ceridian sponsors several health care plans in the United States for both pre- and post-age 65 retirees. The contributions to these plans differ for various groups of retirees and future retirees. Most retirees outside of the United States are covered by governmental health care programs, and our cost is not significant. The measurement date for postretirement benefit plans is December 31.

The discount rate assumption is used to determine the benefit obligation and the interest portion of the net periodic postretirement cost (credit) for the following year. Historically, we employed a process that analyzed three independently prepared yield curves, taking into consideration the timing of the estimated postretirement payments in arriving at a discount rate. During 2015, we changed our method for determining the postretirement plan accounting discount rate assumption. We utilize a full yield curve approach for our discount rate assumption by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. As of December 31, 2017, a 25 basis point decrease in the discount rate would result in an immaterial impact on expense for the postretirement plan.

The accompanying tables present the amounts and changes in the aggregate benefit obligation and the components of net periodic postretirement benefit cost for U.S. plans. We fund these costs as they become due.

Funded Status of Postretirement Health Care and Life Insurance Plans	Year Ended December 31,	
	2017	2016
Change in Benefit Obligation:		
At beginning of year	$ 21.0	$ 23.2
Interest cost	0.5	0.6
Participant contributions	1.1	1.2
Actuarial gain	(0.7)	(1.4)
Benefits paid	(2.3)	(2.6)
At end of year	$ 19.6	$ 21.0
Change in Plan Assets:		
At beginning of year	$ —	$ —
Company contributions	1.2	1.5
Participant contributions	1.1	1.1
Benefits paid	(2.3)	(2.6)
At end of year	—	—
Funded Status	$ (19.6)	$ (21.0)

	December 31,	
Amounts recognized in Consolidated Balance Sheets	2017	2016
Current liability	$ 2.4	$ 2.6
Noncurrent liability	17.2	18.4
Amounts recognized in Accumulated Other Comprehensive Income		
Accumulated other comprehensive income, net of tax of $(9.9) and $(9.9), respectively	$ (8.9)	$ (10.9)

The other comprehensive (income) loss related to postretirement benefits is as follows:

	Year Ended December 31,		
	2017	2016	2015
Net actuarial gain	$ (0.7)	$ (1.4)	$ (4.5)
Amortization of net actuarial gain	2.7	2.6	2.0
Tax expense	—	—	—
Other comprehensive loss (income), net of tax	$ 2.0	$ 1.2	$ (2.5)

	Year Ended December 31,		
Net Periodic Postretirement Benefit	2017	2016	2015
Service cost	$ —	$ —	$ —
Interest cost	0.5	0.6	0.9
Actuarial gain amortization	(2.4)	(2.3)	(1.7)
Prior service credit amortization	(0.3)	(0.3)	(0.3)
Net periodic postretirement benefit gain	$ (2.2)	$ (2.0)	$ (1.1)

The amount in accumulated other comprehensive loss that is expected to be recognized as a component of net periodic postretirement benefit cost during 2018 is a $2.5 gain, comprised of $2.2 of actuarial gain and $0.3 of prior service credit.

The assumed health care cost trend rate represents the rate at which health care costs are assumed to increase. The assumed health care cost trend rate used in measuring the benefit obligation in 2017 is 6.75% for pre-age 65 retirees and 7.25% for post-age 65 retirees. These rates are assumed to decrease gradually to the ultimate health care cost trend rate of 4.5% in 2028 for both groups. A one percent increase in this rate would increase the benefit obligation at December 31, 2017, by $0.9 million and would have an immaterial impact on the interest cost for 2017. A one percent decrease in this rate would decrease the benefit obligation at December 31, 2017, by $0.8 million and would have an immaterial impact on the interest cost for 2017.

	Year Ended December 31,		
Assumption Used in Calculations	**2017**	**2016**	**2015**
Weighted average discount rate used to determine net periodic postretirement cost (credit)	3.26%	3.38%	3.25%
Weighted average discount rate used to determine benefit obligation at measurement date	3.01%	3.26%	3.38%

The projected future postretirement benefit payments and future receipts from the federal subsidy for each of the next five years and the five-year period following are included in the table below.

Years Ending December 31,	Payments	Receipts
2018	$ 2.5	$ 0.1
2019	2.2	0.1
2020	2.1	0.1
2021	2.0	0.1
2022	1.9	0.1
Next five years	$ 7.3	$ 0.3

12. Share-Based Compensation

HCM Share-Based Compensation Plans

Prior to November 1, 2013, Ceridian employees participated in a share-based compensation plan of the predecessor to Ceridian Holding LLC. The 2007 Stock Incentive Plan (“2007 SIP”) authorized the issuance of up to 10,540,540 shares of common stock of Ceridian Holding LLC to eligible participants through stock options and stock awards. Eligible participants in the 2007 SIP included Ceridian’s directors, employees and consultants.

Effective November 1, 2013, most participants who held stock options under the 2007 SIP converted their options to a newly created option plan, the 2013 Ceridian HCM Holding Inc. Stock Incentive Plan (“2013 HCM SIP”). A participant in the 2013 HCM SIP will receive shares of Ceridian HCM upon exercise of fully vested options. A small number of participants maintained their stock options in the 2007 SIP. As of December 31, 2017, there were 10,000 stock options outstanding under the 2007 SIP.

The 2013 HCM SIP authorized the issuance of up to 25,000,000 shares of common stock of Ceridian HCM to eligible participants through stock options and other stock awards. On March 20, 2017, the Board of Directors approved an increase to the number of authorized shares under the 2013 HCM SIP to 30,000,000. Eligible participants in the 2013 HCM SIP include Ceridian HCM’s directors, employees, and consultants.

As part of the 2013 HCM SIP, the Board of Directors approved a stock appreciation rights program that authorized the issuance of up to 1,200,000 stock appreciation rights. As of December 31, 2017, there were 532,700 outstanding stock appreciation rights.

As of December 31, 2017, there were 3,878,569 shares available for future grants of stock options and stock awards under the 2013 HCM SIP.

Stock options awarded under the 2013 HCM SIP vest either annually on a pro rata basis over a four- or five-year period or on a specific date if certain performance criteria are satisfied and certain equity values are attained. In addition, upon termination of employment, all vested options become eligible to be exercised generally within 90 days after termination. The stock option awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of grant.

Share-based compensation expense for the HCM plans was $16.1, $12.5, and $12.8 for years ended December 31, 2017, 2016, and 2015, respectively.

Performance-Based Stock Options

Performance-based option activity for the period from December 31, 2014 to December 31, 2017, represents stock options granted under the 2013 HCM SIP.

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2014	2,686,302	$ 6.73 6.3	6.3	$ —
Granted	— —	—		
Exercised	—	—		
Forfeited or expired	(124,465)	(6.73)		–
Options outstanding at December 31, 2015	2,561,837	$ 6.73	5.2	$ —
Granted	— —	—		
Exercised	—	—		
Forfeited or expired	(105,885)	(6.73)		–
Options outstanding at December 31, 2016	2,455,952	$ 6.73	4.2	$ —
Granted	—	—		
Exercised	(334,404) (a)	(6.73)		
Forfeited or expired	(50,155)	(6.73)		
Options outstanding at December 31, 2017	2,071,393	$ 6.73 3.5	3.5	$ —

(a) During the year ended December 31, 2017, certain performance-based options were modified and exercised.

The performance-based options vest on the earlier to occur of a change in control or an initial public offering ("IPO") in which the value of Ceridian stock is at least $13.46 per share or higher. If the value of the common stock has not reached $13.46 or higher per share at the time an IPO or change in control event occurs, the options expire unvested, or through the expiration date. Options issued under the 2013 HCM SIP, other than the Replacement Options, do not include performance based-options.

As of December 31, 2017, there was $5.3 of share-based compensation expense related to unvested performance-based stock options not yet recognized.

Term-Based Stock Options

Term-based option activity for the period from December 31, 2014 to December 31, 2017, represents stock options granted under the 2013 HCM SIP. As of December 31, 2017, there were 13,639,537 vested options.

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2014	15,176,294	$ 7.99	8.2	$ 13.3
Granted	374,280	8.78		
Exercised	—	—		
Forfeited or expired	(336,121)	(8.20)		
Options outstanding at December 31, 2015	15,214,453	$ 8.01	7.3	$ 14.1
Granted	4,678,477	8.40		
Exercised	—	—		
Forfeited or expired	(353,253)	(8.27)		
Options outstanding at December 31, 2016	19,539,677	$ 8.10	7.1	$ 9.9
Granted	4,571,962	8.73		
Exercised	(1,190,929)	(7.57)		
Forfeited or expired	(937,212)	(8.05)		
Options outstanding at December 31, 2017	21,983,498	$ 8.26	6.9	$ 48.8
Options exercisable at December 31, 2017	13,639,537	$ 8.07	5.5	$ 32.9

Other information pertaining to term-based options is as follows:

	Year Ended December 31,		
	2017	2016	2015
Weighted average grant date fair value per share	$2.94	$2.87	$2.84

The fair value of the term-based stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2017	2016	2015
Expected volatility	30.0%	30.0%	33.0%
Expected dividend rate	—	—	—
Risk-free interest rate	2.3%	1.9%	2.1%

For stock options granted under the 2007 SIP, we used the simplified method to estimate the expected term of the stock options. For stock options granted under the 2013 HCM SIP, we estimated an expected term of 7.0 years, based on the vesting period and contractual life. As of December 31, 2017, there was $21.7 of share-based compensation expense related to unvested term based awards not yet recognized, which is expected to be recognized over a weighted average period of 1.3 years. As of December 31, 2017, there were 13,639,537 vested term-based stock options.

The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon issues with remaining term equal to the contractual term of the performance-based options and the expected term of the term-based option. The estimated volatility of Ceridian common stock is based on the historical volatility of comparable public companies over a period approximately equal to the expected term.

Restricted Stock Units

Restricted stock units ("RSUs") activity for the period from December 31, 2014 to December 31, 2017, represents restricted stock units granted under the 2013 HCM SIP.

	Shares
RSUs outstanding at December 31, 2014	—
Granted	457,144
Shares issued upon vesting of RSUs	—
Forfeited or canceled	—
RSUs outstanding at December 31, 2015	457,144
Granted	59,600
Shares issued upon vesting of RSUs	(152,382)
Forfeited or canceled	—
RSUs outstanding at December 31, 2016	364,362
Granted	1,000,000
Shares issued upon vesting of RSUs	(152,382)
Forfeited or canceled	—
RSUs outstanding at December 31, 2017	1,211,980

Other information pertaining to restricted stock units is as follows:

	Year Ended December 31,		
	2017	2016	2015
Weighted average grant date fair value per share	$8.63	$8.70	$8.75

During the year ended December 31, 2017, 152,382 restricted stock units vested, and shares of Ceridian HCM common stock were issued. As of December 31, 2017, there were 1,211,980 unvested restricted stock units outstanding. Restricted stock units generally vest annually over a three- or four-year period. As of December 31, 2017, there was $7.1 of share-based compensation expense related to unvested restricted stock units not yet recognized, which is expected to be recognized over a weighted average period of 2.2 years.

Joint Venture Company Share-Based Compensation Plan

In connection with the formation of the Joint Venture Company, a share-based compensation scheme under English law (the "JV SIP") was created. The JV SIP has authorized the issuance of 3,551,911 options to purchase Class C or Class D shares of the Joint Venture Company. Class C shares are ordinary shares in the Joint Venture Company with rights and liquidation preferences comparable to Class B shares. Class D shares are ordinary shares in the Joint Venture Company with rights and liquidation preferences comparable to Class A shares. Eligible participants in the JV SIP include the Joint Venture Company directors and employees.

Stock options awarded under the JV SIP vest annually on a pro rata basis over a four-year period. The stock option awards have a seven-year contractual term. During 2017, stock options were awarded as a bonus to employees that were fully vested upon grant. Stock options awarded under the JV SIP also include rollover options granted to previous WorkAngel employees that have continued to follow the original vesting period and contractual term granted to the employees prior to the formation of the Joint Venture Company. These stock options have a vesting period that range from one to three years and a 10-year contractual term.

Share-based compensation expense for the JV SIP was $1.1 and $2.8 for the years ended December 31, 2017 and 2016, respectively.

Class C Stock Options

Joint venture option activity in the table below for the period from formation on March 1, 2016, to December 31, 2017, represents Class C stock options activity under the JV SIP.

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2015	—	$ — —	—	$ —
Granted	1,166,402	2.12		
Exercised	(45,834)	(0.51)		
Forfeited or expired	(29,805)	(3.26)		
Options outstanding at December 31, 2016	1,090,763	$ 2.15	7.9	$ 3.3
Granted	212,651	3.90		
Exercised	(46,690)	(0.57)		
Forfeited or expired	(152,250)	(3.02)		
Options outstanding at December 31, 2017	1,104,474	$ 2.44	6.9	$ 3.0
Options exercisable at December 31, 2017	570,932	$ 1.53	6.8	$ 2.1

Class D Stock Options

Joint venture option activity in the table below for the period from formation on March 1, 2016 to December 31, 2017, represents Class D stock option activity under the JV SIP.

	Shares		Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)		Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2015	—	$	— —	—	$	—
Granted	873,142 8.84		8.84			
Exercised	—		—			
Forfeited or expired	(25,000)		(8.84)			
Options outstanding at December 31, 2016	848,142	$	8.84	6.4	$	0.7
Granted	253,797 7.91		7.91			
Exercised	—		—			
Forfeited or expired	(115,414)		(8.84)			
Options outstanding at December 31, 2017	986,525	$	8.6	5.8	$	1.0
Options exercisable at December 31, 2017	241,436	$	8.62	5.7	$	0.2

Other information pertaining to JV SIP options is as follows:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Class C	Class D	Class C	Class D
Weighted average grant date fair value per share	$2.41	3.32	$ 2.57	3.3

The fair value of the term-based stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for both Class C and D options:

	Year Ended December 31,	
	2017	2016
Expected volatility	45.0%	45.0%
Expected dividend rate	—	—
Risk-free interest rate	2.0%	1.2%

For stock options granted under the JV SIP, excluding the WorkAngel rollover options, we estimated an expected term of 5.0 years, based on the vesting period and contractual life. For WorkAngel rollover options granted under the JV SIP, we estimated an expected term of 3 or 4 years, based on the vesting period and contractual life. As of December 31, 2017, there was $2.5 of share-based compensation related to unvested awards not yet recognized, which is expected to be recognized over a weighted average period of 2.0 years. As of December 31, 2017, there were 570,932 vested Class C options and 241,436 vested Class D options.

The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon issues with remaining term equal to the contractual term of the performance based options and the expected term of the term based option.

The estimated volatility of the Joint Venture Company common stock is based on the historical volatility of comparable public companies.

13. Supplementary Data to Statements of Operations

	Year Ended December 31,		
	2017	2016	2015
Other Expense, Net			
Asset impairment	$ —	$ 10.4	$ 23.0
Realized gains on sale of short-term investments	—	(3.9)	(25.4)
Environmental reserve	—	5.9	—
Foreign currency translation expense (income)	7.4	(3.1)	4.8
Total other expense, net	$ 7.4	$ 9.3	$ 2.4

Asset Impairment

The sale of the UK Business in 2016 was considered a triggering event to test the trade name intangible asset for impairment. Given the reduction in future revenues of the UK Business previously included in the relief from royalty models used to support the trade name value, we recorded an impairment charge during the year ended December 31, 2016, of $10.2 to the trade name intangible asset. The remaining impairment amount is related to immaterial asset write-offs.

The sales of the Divested Benefits Continuation Businesses in 2015 were considered triggering events to test the trade name intangible asset for impairment. Given the reduction in future revenues from both businesses previously included in the relief from royalty models used to support the trade name value, we recorded an impairment charge during the year ended December 31, 2015, of $22.6 to the trade name intangible asset. The remaining impairment amount is related to immaterial asset write-offs.

Realized Gains on Sale of Short-Term Investments

During the years ended December 31, 2016, and 2015, we sold common shares of FleetCor stock which were received during 2014 as consideration for the Comdata Merger, resulting in realized gains. Refer to Note 3, "Discontinued Operations," for further discussion.

Environmental Reserve

In September 1989, Ceridian LLC's predecessor entered into an Environmental Matters Agreement ("EMA") with Seagate Technology plc ("Seagate") related to groundwater contamination on a parcel of real estate sold by Ceridian LLC's predecessor to Seagate. Ceridian HCM is now responsible for the EMA. The EMA requires expense sharing between Ceridian HCM and Seagate for the remediation of groundwater contamination up to a certain limit. Based on additional information obtained with respect to more stringent remediation requirements, we have updated our estimate of the potential liability related to the EMA, resulting in an increase to the environmental reserve of $5.9 for the year ended December 31, 2016, which now represents the limit under the EMA. Please refer to Note 16, "Commitments and Contingencies," for further discussion of our environmental liabilities.

Foreign Currency Translation Expense (Income)

We incurred foreign currency translation expense of $7.4 for the year ended December 31, 2017. The foreign currency translation expense for the year ended December 31, 2017, is primarily related to foreign currency remeasurement losses resulting from an intercompany payable of a U.S. operating subsidiary which is repaid in Canadian dollars.

We had foreign currency translation income of $3.1 for the year ended December 31, 2016. The foreign currency translation income for the year ended December 31, 2016, is primarily related to foreign currency remeasurement gains on intercompany receivables and payables between international subsidiaries that were settled in early 2017.

We incurred a foreign currency translation expense of $4.8 for the year ended December 31, 2015. The foreign currency translation expense for the year ended December 31, 2015, is primarily due to foreign currency remeasurement losses related to an intercompany receivable of a U.S. operating subsidiary which is repaid in Canadian dollars.

14. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) were as follows:

	Foreign Currency Translation Adjustment	Unrealized Loss from Marketable Securities	Unrealized Gain (Loss) from Invested Customer Trust Funds	Pension Liability Adjustment	Total
Balance as of December 31, 2015	$ (230.8)	$ (5.2)	$ 12.9	$ (167.3)	$ (390.4)
Other comprehensive income (loss) before income taxes and reclassifications	8.0	1.3	(10.2)	(7.8)	(10.0)
Income tax benefit (expense)	—	—	2.0	(0.1)	1.9
Sale of UK Business, net of tax	16.9	—	—	9.0	25.9
Reclassifications to earnings	—	3.9	—	9.9	9.9
Other comprehensive income (loss) attributable to Ceridian	24.9	5.2	(8.2)	11.0	27.7
Balance as of December 31, 2016	(205.9)	—	4.7	(156.3)	(357.5)
Other comprehensive income (loss) before income taxes and reclassifications	39.3	—	(17.3))	3.7	25.7
Income tax benefit	—	—	3.6	—	3.6
Reclassifications to earnings	—	—	—	10.1	10.1
Other comprehensive income (loss) attributable to Ceridian	39.3	—	(13.7)	13.8	39.4
Balance as of December 31, 2017	$ (166.6)	$ —	$ (9.0)	$ (142.5)	$ (318.1)

During the year ended December 31, 2017, other comprehensive income attributable to noncontrolling interest was $0.4, entirely related to foreign currency translation. During the year ended December 31, 2016, other comprehensive loss attributable to noncontrolling interest was $0.6, entirely related to foreign currency translation.

15. Income Taxes

Components of Earnings and Taxes from Operations	Year Ended December 31, 2017	2016	2015
(Loss) Income Before Income Taxes:			
U.S.	$ (84.4)	$ (159.1)	$ (130.7)
International	30.3	67.6	50.4
Total	$ (54.1)	$ (91.5)	$ (80.3)
Income Tax Expense (Benefit):			
Current:			
U.S.	$ 5.5	$ (6.1)	$ (0.2)
State and local	1.7	0.9	0.1
International	13.4	16.0	16.6
Total current income tax expense	20.6	10.8	16.5
Deferred			
U.S.	(63.3)	(0.7)	(7.9)
State and local	0.8	(0.1)	(1.8)
International	(2.8)	7.8	1.8
Total deferred income tax (benefit) expense	(65.3)	7.0	(7.9)
Total income tax (benefit) expense	$ (44.7)	$ 17.8	$ 8.6

Effective Rate Reconciliation	Year Ended December 31, 2017	2016	2015
U.S. statutory rate	(35.0)%	(35.0)%	(35.0)%
Change in valuation allowance	(114.4)	(0.1)	14.0
State income taxes, net of federal benefit	(5.3)	(0.8)	0.4
Share-based compensation	8.4	2.8	3.4
International tax rate differential	(6.8)	(7.1)	(7.9)
Foreign dividend income	47.7	1.1	16.1
Unremitted foreign earnings	(35.2)	23.7	—
Foreign capital gain income	—	—	4.6
Reserve for tax contingencies	9.9	3.2	0.1
Expiration of un-utilized tax credits	1.5	—	13.5
Unrealized gain on investments	—	33.1	—
Change in tax rate	51.4	—	—
Other	(4.0)	(1.5)	1.6
Income tax provision	(81.8)%	19.4%	10.8%

On December 22, 2017, the Tax Cut and Jobs Act legislation (the “Act”) was enacted. The Act amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for businesses. ASC 740, "Accounting for Income Taxes," requires a company to record the effects of a tax law change in the period of enactment; however, shortly after the enactment of the Act, the U.S. Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") 118, which allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law. The measurement period ends when the company has obtained, prepared and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year. We continue to gather information related to estimates surrounding the re-measurement of deferred tax assets and to unrepatriated earnings from foreign subsidiaries to more precisely compute the re-measurement of deferred taxes and the impact of the transition tax. We have made a reasonable estimate of the impact of the Act on the consolidated financial statements for the period ended December 31, 2017, and have recorded a tax benefit of $59.4.

The Act provides for a reduction in the U.S. corporate tax rate from 35% to 21%. We have re-valued our deferred tax assets and liabilities to reflect the tax rate reduction resulting in a decrease of the net deferred tax asset and the recognition of a tax expense of $28.0. We also re-valued the valuation allowance required to be carried against the net deferred tax asset resulting in the recognition of a tax benefit of $54.4.

The Act provides for a transition of the U.S. tax system from a worldwide system to a territorial system. A current year transition tax is imposed on a taxpayer’s untaxed foreign earnings. We have includible untaxed foreign earnings of $74.3 resulting in a tax expense of $26.0. We have used our current year net operating loss to offset the includible foreign earnings resulting in a tax benefit of $26.0. Furthermore, we had previously recorded a deferred tax liability on a portion of our untaxed foreign earnings. Since all previously untaxed foreign earnings have now been included in U.S. taxable income, the deferred tax liability has been released resulting in a tax benefit of $20.9. We have also re-evaluated the need for a valuation allowance after considering the change in the deferred tax liability resulting in an increase of the valuation allowance and a tax expense of $20.9.

The Act changes the current 20-year carryover period for a net operating loss ("NOL") to an indefinite carryover period for NOL’s incurred after December 31, 2017. This change impacts our evaluation of the requirement for a valuation allowance resulting in a decrease in the required valuation allowance and a tax benefit of $33.0.

Tax Effect of Items That Comprise a Significant Portion of the Net Deferred Tax Asset and Deferred Tax Liability	December 31,	
	2017	2016
Deferred Tax Asset:		
Employment related accruals	$ 51.3	$ 89.8
Foreign tax credit carryover and other credit carryovers	0.3	1.1
Net operating loss carryforwards	101.1	133.1
Total gross deferred tax asset	152.7	224.0
Valuation allowance	(91.7)	(159.9)
Total deferred tax asset	$ 61.0	$ 64.1
Deferred Tax Liability:		
Intangibles	$ (67.4)	$ (105.3)
Unremitted foreign earnings	—	(20.9)
Unrealized gain on investment	(22.2)	(33.5)
Other	(3.9)	(5.3)
Total deferred tax liability	(93.5)	(165.0)
Net deferred tax liability	$ (32.5)	$ (100.9)

Net Deferred Tax by Geography	December 31,	
	2017	2016
U.S.	$ (18.6)	$ (81.1)
International	(13.9)	(19.8)
Total	$ (32.5)	$ (100.9)

As of December 31, 2017, we had federal, state and foreign net operating loss carryovers which will reduce future taxable income when utilized. Approximately $70.5 in net federal tax benefit is available from the loss carryovers and an additional $0.3 is available in federal tax credit carryovers. The state loss carryovers will result in state tax benefit of approximately $29.7. A small portion of the federal net operating loss tax benefit, $1.0, will expire in 2021 and the remaining amount will begin to expire in 2029 and state net operating loss carryovers will begin to expire in 2018. The federal credit carryovers are composed of foreign tax credits which will begin to expire in 2018, research credits which will begin to expire in 2027, and alternative minimum tax credits which have no expiration date.

As of December 31, 2017, including consideration of the impact of the Act, we carried a full valuation allowance against our domestic net deferred tax asset ("DTA") position after excluding a portion of the deferred tax liability for long-lived, non-amortizable taxable temporary differences. We periodically re-assess the likelihood that DTA reported in the accompanying consolidated financial statements will be recovered from future taxable income.

Because we continue to be in a net DTA position, after excluding a portion of the deferred tax liability for long-lived, non-amortizable taxable temporary differences, as of December 31, 2017, our position that it is still more likely than not that the tax benefit associated with a portion of the DTA will not be realized has not changed. We assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing net DTAs not already identified as requiring a valuation allowance. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2017. Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth. As of December 31, 2017, we had a total valuation allowance of $91.7. The amount of the DTA considered realizable could be adjusted in the future if objective negative evidence in the form

of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

We file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With a few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013.

The following table summarizes the activity for unrecognized tax benefits:

	Year Ended December 31,	
Federal, State and Foreign Tax	2017	2016
Beginning unrecognized tax balance	$ 4.7	$ 1.7
Increase prior period positions	0.4	0.1
Increase current period positions	5.6	3.5
Decrease prior period positions	—	(0.3)
Decrease current period positions	—	(0.1)
Statutes expiring	(0.2)	(0.2)
Ending unrecognized tax benefits	$ 10.5	$ 4.7

The total amount of unrecognized tax benefits as of December 31, 2017, was $10.5 including $2.2 of accrued interest and penalty. Of the total amount of unrecognized tax benefits, $10.0 represents the amount that, if recognized, would impact our effective income tax rate as of December 31, 2017. It is expected that the amount of unrecognized tax benefits will change in the next 12 months; however, we cannot reasonably estimate the amount of the change. We do not expect the change to have a significant impact on our results of operations or financial condition.

We consider a portion of the unremitted earnings from international subsidiaries to be indefinitely reinvested; the transition tax imposed by the Act has not changed our position on such earnings. While we were able to make a reasonable estimate of the impact of the Act on the U.S. taxation of such earnings, our estimate may be affected by additional guidance released in the future. In addition, the repatriation of our overseas earnings could result in non-U.S. income taxes, such as withholding taxes. We consider $234.5 of our overseas earnings to be indefinitely reinvested as of December 31, 2017. Because of the multiple avenues in which the foreign earnings could be repatriated to minimize the tax cost, and because a large portion of these earnings are not liquid, it is not practical to determine the tax liability that would be payable if such earnings were not indefinitely reinvested. A portion of our unremitted earnings from international subsidiaries is not considered indefinitely reinvested, and we have provided a deferred tax liability of $5.1 as of December 31, 2017 for the expected tax cost of repatriating such earnings.

16. Commitments and Contingencies

Leasing

We conduct substantially all of our operations in leased facilities. Most of our leases contain renewal options and require payments for taxes, insurance and maintenance. We recognize rent holidays, including the time period during which we have access to the property for construction of improvements, construction allowances and escalating rent provisions on a straight-line basis over the term of the lease.

Substantially all of our leasing arrangements for equipment and facilities are operating leases and the rental payments under these leases are charged to operations as incurred. The amounts in the accompanying tables do not include capital lease obligations recorded as liabilities.

Our rental expense and sublease income were as follows:

	Year Ended December 31,		
Rental Expense, Net	2017	2016	2015
Rental expense	$ 17.5	$ 16.8	$ 18.6
Sublease rental income	(4.2)	(3.5)	(2.3)
Net rental expense	$ 13.3	$ 13.3	$ 16.3

Our future minimum noncancellable lease payments, net, on existing operating leases at December 31, 2017, which have an initial term of more than one year, are as follows:

Years Ending December 31,	Amount
2018	$ 11.6
2019	11.5
2020	9.4
2021	6.4
2022	5.4
Thereafter	4.3
Total	$ 48.6

Environmental Matters

We accrue for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

In February 1988, Ceridian LLC's predecessor entered into an arrangement with Northern Engraving Corporation ("NEC") and the Minnesota Pollution Control Agency ("MPCA") in relation to groundwater contamination on a parcel of real estate sold by Ceridian LLC's predecessor to NEC. Ceridian HCM is now responsible for the arrangement with NEC and the MPCA. The arrangement requires expense sharing between Ceridian HCM and NEC for the remediation of groundwater contamination.

In September 1989, Ceridian LLC's predecessor entered into an EMA with Seagate related to groundwater contamination on a parcel of real estate sold by Ceridian LLC's predecessor to Seagate. Ceridian HCM is now responsible for the EMA. The EMA requires expense sharing between Ceridian HCM and Seagate for the remediation of groundwater contamination up to a certain limit. Based on additional information obtained with respect to more stringent remediation requirements, we have updated our estimate of the potential liability related to the EMA, resulting in an increase to the environmental reserve of $5.9 for the year ended December 31, 2016, which now represents the limit under the EMA.

We have recognized an undiscounted liability of approximately $5.4 and $6.2 as of December 31, 2017 and 2016, respectively, in our consolidated balance sheets to comply with the NEC arrangement and EMA described above. The ultimate cost, however, will depend on the extent of continued monitoring activities as these projects progress. Please refer to Note 13,

"Supplementary Data to Statements of Operations," for further discussion of changes in the liability during the year ended December 31, 2016.

Legal Matters

We are subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, disputes with our competitors, intellectual property disputes, government audits and proceedings, customer disputes, and tort claims. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part.

Our general terms and conditions in customer contracts frequently include a provision indicating we will indemnify and hold our customers harmless from and against any and all claims alleging that the services and materials furnished by us violate any third party's patent, trade secret, copyright or other intellectual property right. We are not aware of any material pending litigation concerning these indemnifications.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum, and law under which each action is proceeding. Because of these complexities, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities, if any.

There can be no certainty that we may not ultimately incur charges in excess of presently established or future financial accruals or insurance coverage. Although occasional adverse decisions or settlements may occur, it is management’s opinion that the final disposition of these proceedings will not, considering the merits of the claims and available resources or reserves and insurance, and based upon the facts and circumstances currently known, have a material adverse effect on our financial position or results of operations.

17. Related Party Transactions

Management Agreements

Ceridian HCM is party to management agreements with affiliates of our Sponsors, Fidelity National Financial, Inc. ("FNF") and THLM. FNF assigned its management agreement to Cannae in November 2017. Pursuant to these management agreements, Cannae and THLM each, respectively, agree to provide Ceridian HCM with financial advisory, strategic, and general oversight services. These management agreements provide that Ceridian HCM will pay annual management fees to each of Cannae and THLM in an amount equal to the greater of (a) $0.9, or (b) 0.5 percent of Adjusted EBITDA. Adjusted EBITDA, for purposes of the management agreements, is EBITDA as defined in the Ceridian Senior Secured Credit Facility, further adjusted to exclude the payments made pursuant to the management agreements and certain stock options or other equity compensation.

We recorded a management fee expense in selling, general, and administrative expense of $1.9, $5.0, and $1.9 for the years ended December 31, 2017, 2016, and 2015, respectively, related to these management agreements. The expense for the year ended December 31, 2016, includes transaction advisory fees of $3.0 related to the issuance of the senior convertible participating preferred stock. Please refer to Note 19, "Capital Stock," for further discussion of this transaction.

Indebtedness

An affiliate of Cannae Holdings, LLC, formerly known as Fidelity National Financial Ventures, LLC, owned $30.8, $30.3, and $23.1 of the Ceridian Senior Notes as of December 31, 2017, 2016, and 2015, respectively. Based on this ownership, $3.2, $3.2, and $3.2 in interest payments were made to an affiliate of Cannae Holdings, LLC during the years ended December 31, 2017, 2016, and 2015, respectively. The affiliate of Cannae Holdings, LLC conducted the debt transactions through third parties in the ordinary course of their business and not directly with us.

Service and Vendor Related Agreements

Ceridian is a party to a service agreement with CompuCom Systems, Inc. ("CompuCom"), an investment portfolio company of THL Partners. Pursuant to the service agreement, CompuCom agrees to provide us with service desk and desk side support services. Pursuant to this arrangement, we made payments to CompuCom totaling $3.1, $5.0, and $2.8 during the years ended December 31, 2017, 2016, and 2015, respectively.

Other Transactions

Ceridian HCM provides Dayforce and related services to The Stronach Group, for which we recorded revenue of $0.2 for the year ended December 31, 2016. Alon Ossip, the brother of David Ossip, is the chief executive officer of The Stronach Group.

Ceridian HCM provides Dayforce and related services to FNF for which we recorded revenue of $0.4, $0.3, and $0.5 for the years ended December 31, 2015, 2016, and 2017, respectively.

18. Financial Data by Segment and Geographic Area

Segments

Ceridian has two operating and reportable segments, HCM and LifeWorks, based on the separate management teams, solutions, and objectives of the businesses. Our operating and reportable segments align with how management monitors operating performance, allocates resources, and deploys capital. There are currently two chief operating decision makers ("CODM"), the Chief Executive Officer ("CEO") of HCM and the CEO of LifeWorks. Both report directly to their separate Boards of Directors.

Segment performance is based on revenues and operating income or income (loss) before interest expense and income taxes. Interest expense and income taxes are not indicative of operating performance, and, as a result are not included in the measures that are reviewed by the CODMs. The amounts in the following tables are obtained from reports used by our senior management team. There are no significant non-cash items reported in segment profit or loss other than depreciation and amortization and share-based compensation. Total assets by segment were $6,674.4 for HCM and $156.2 for LifeWorks as of December 31, 2017, and $6,269.9 for HCM and $156.6 for LifeWorks as of December 31, 2016. Please refer to Note 9, "Goodwill and Intangible Assets," for goodwill balances by segment.

	Year Ended December 31, 2017		
	HCM	LifeWorks	Total
Cloud revenue	$ 404.3	$ —	$ 404.3
Bureau revenue	266.5	—	266.5
LifeWorks revenue	—	79.9	79.9
Total revenue	670.8	79.9	750.7
Operating profit (loss)	32.9	(0.4)	32.5
Depreciation and amortization	53.8	4.1	57.9
Capital expenditures	$ 50.6	$ 0.2	$ 50.8

	Year Ended December 31, 2016		
	HCM	LifeWorks	Total
Cloud revenue	$ 297.8	$ —	$ 297.8
Bureau revenue	325.8	—	325.8
LifeWorks revenue	—	80.6	80.6
Total revenue	623.6	80.6	704.2
Operating (loss) profit	(4.7)	4.5	(0.2)
Depreciation and amortization	53.2	4.1	57.3
Capital expenditures	$ 32.9	$ 0.3	$ 33.2

	Year Ended December 31, 2015		
	HCM	LifeWorks	Total
Cloud revenue	$ 225.2	$ —	$ 225.2
Bureau revenue	386.9	—	386.9
LifeWorks revenue	—	81.8	81.8
Total revenue	612.1	81.8	693.9
Operating (loss) profit	23.5	8.6	32.1
Depreciation and amortization	52.3	3.7	56.0
Capital expenditures	$ 34.1	$ 0.4	$ 34.5

Our Solutions

We categorize our solutions into three categories: Cloud HCM ("Cloud"), Bureau HCM ("Bureau"), and LifeWorks offerings.

- Cloud revenue is generated from HCM solutions that are delivered via two cloud offerings: Dayforce and Powerpay. The Dayforce offering is differentiated from our market competition as being a single application that offers a comprehensive range of functionality, including global HR, payroll, benefits, workforce management, and talent management on web and native iOS and Android platforms. Dayforce revenue is primarily generated from monthly recurring fees charged on a PEPM basis, generally one-month in advance of service. Also included within Dayforce revenue is implementation, staging, and other professional services revenue; revenues from the sale, rental, and maintenance of time clocks; and billable travel expenses. The Powerpay offering is our solution designed primarily for small market Canadian customers. The typical Powerpay customer has fewer than 20 employees, and the majority of the revenue is generated from recurring fees charged on a per-employee, per-process basis. Typical processes include the customer’s payroll runs, year-end tax packages, and delivery of customers’ remittance advices or checks. In addition to the direct revenue earned from the Dayforce and Powerpay offerings, Cloud revenue also includes investment income generated from holding Cloud customer funds in trust before funds are remitted to taxing authorities, Cloud customer employees, or other third parties; and revenue from the sale of third party services.
- Bureau revenue is generated primarily from HCM solutions delivered via a service-bureau model. These solutions are delivered via three primary service lines: payroll, payroll-related tax filing services, and outsourced human resource solutions. Revenue from payroll services is generated from recurring fees charged on a per-process basis. Typical processes include the customer’s payroll runs, year-end tax packages, and delivery of customers’ remittance advices or checks. In addition to customers who use our payroll services, certain customers use our tax filing services on a stand-alone basis. Our outsourced human resource solutions are tailored to meet the needs of individual customers, and entail our contracting to perform many of the duties of a customer’s human resources department, including payroll processing, time and labor management, performance management, and recruiting. We also perform HCM-related individual services for customers, such as check printing, wage attachment and disbursement, and ACA management. Additional items included in Bureau revenue are custom professional services revenue; investment income generated from holding Bureau customer funds in trust before funds are remitted to taxing authorities, Bureau customer employees, or other third parties; consulting services related to Bureau offerings; and revenue from the sale of third party services.
- LifeWorks joint venture revenue is primarily generated from employee assistance, wellness, recognition, and incentive programs offered directly by LifeWorks in the United States, Canada, the United Kingdom and various other countries through LifeWorks’ network of contractors. LifeWorks offers employee engagement services, such as employee assistance programs, social recognition, discounts from participating vendors, a private social network, employee and corporate wellness, and employee engagement analytics.

Revenue by solution is as follows:

	Year Ended December 31,		
	2017	2016	2015
Cloud	$ 404.3	$ 297.8	$ 225.2
Bureau	266.5	325.8	386.9
LifeWorks	79.9	80.6	81.8
Total revenue	$ 750.7	$ 704.2	$ 693.9

Geographic and Customer Information

No single customer accounts for 2% or more of our consolidated revenue for any of the periods presented.

Revenue by country is as follows:

	Year Ended December 31,		
	2017	2016	2015
United States	$ 514.5	$ 484.2	$ 473.1
Canada	227.6	212.5	215.0
Other	8.6	7.5	5.8
Total revenue	$ 750.7	$ 704.2	$ 693.9

Long-lived assets by country is as follows:

	December 31,	
	2017	2016
United States	$ 1,859.8	$ 1,865.8
Canada	503.0	472.0
Other	40.7	40.0
Total long-lived assets	$ 2,403.5	$ 2,377.8

19. Capital Stock

Convertible Preferred Stock

In 2011, Ceridian Holding Corp. and Ceridian Intermediate completed a recapitalization pursuant to which all shares of 13% cumulative preferred stock (and accrued dividends) of Ceridian Intermediate as of December 9, 2011 were exchanged for shares of participating convertible preferred stock of Ceridian Holding Corp. (now, Ceridian Holding LLC). The exchange was a tax-free transaction and did not alter the aggregate equity ownership percentage of any shareholder. As a result of this exchange, 50,564,457 shares of preferred stock of Ceridian Holding Corp. were issued at $.0001 par value with a liquidation preference of ten dollars (USD) per share. These shares were convertible to common shares of Ceridian Holding, on a one for one basis, at the option of the holder. The preferred stock of Ceridian Holding was senior to the common stock of Ceridian Holding upon liquidation. In connection with the Separation Transaction on October 1, 2013, the outstanding participating convertible preferred shares of Ceridian Holding Corp. were replaced with participating convertible preferred shares of Ceridian Holding LLC, which carry the same rights and features as the Ceridian Holding Corp. preferred shares. As of December 31, 2017 and 2016, there were 58,228,954 and 58,232,117 shares of Ceridian Holding LLC outstanding, respectively.

On April 2, 2012, the predecessor to Ceridian LLC completed the acquisition of all of the issued and outstanding capital stock of Dayforce. Ceridian Canada was considered the acquirer for accounting purposes. Ceridian Canada previously held approximately 20% of the fully-diluted capital shares of Dayforce. Consideration at the April 2, 2012 closing was $43.5 in cash and issuance of 7.7 million shares, valued at $79.9, of convertible preferred stock of Ceridian or economically equivalent shares of a Canadian subsidiary that are exchangeable for such preferred shares. Approximately 2.0 million shares were convertible participating preferred stock of Ceridian and approximately 5.7 million were economically equivalent shares of a Canadian subsidiary that are exchangeable for such preferred shares at the option of the holder or automatically after 10 years from the closing date at a 1:1 conversion ratio. Due to the ability to exchange these Canadian shares, the Canadian shares are considered economically equivalent to the convertible participating preferred stock and included in the total preferred share count. The shares of convertible participating preferred stock of Ceridian (and economically equivalent Canadian shares) have a liquidation preference of ten dollars (USD) per share and are convertible into shares of Ceridian common stock at the option of the holders at an initial 1:1 conversion ratio.

A portion of the share consideration received by shareholders that were current employees of Dayforce were restricted and held in escrow for a three-year period following the closing date of the acquisition and are subject to forfeiture if the shareholder’s employment was terminated under certain circumstances during that period. These restricted shares that required continued employment represented 2.9 million, or $30.3, of the 7.7 million shares issued, of which $2.5, $10.2 and $10.2 of expense is recorded as part of stock compensation expense for the years ended December 31, 2015, 2014 and 2013, respectively. The restrictions and escrow status of these 2.9 million shares was lifted in April of 2015.

Common Stock

As a result of the 2007 Merger, 130,247,003 shares of common stock of Ceridian Holding Corp. were issued at $.0001 par value. This common stock did not pay dividends. In connection with the Separation Transaction on October 1, 2013, the outstanding common shares of Ceridian Holding Corp. were replaced with common shares of Ceridian, which carry the same rights and features as the Ceridian Holding Corp. common shares. As of December 31, 2017 and 2016, there were 129,817,190 and 129,825,315 shares of common stock of Ceridian issued and outstanding, respectively.

Distributions to Members

There were no distributions made to members during the year ended December 31, 2017. There was one distribution made to members during the year ended December 31, 2016, and three separate distributions made to members during the year ended December 31, 2015. Refer to Note 3, "Discontinued Operations," for further discussion.

20. Subsequent Events

Subsequent events have been evaluated through March 14, 2018, the issuance date of this report.

On January 17, 2018, Ceridian HCM announced the confidential submission of a draft registration statement on Form S-1 to the SEC relating to the proposed initial public offering of its common stock. The number of shares of common stock to be sold and the price range for the proposed offering have not yet been determined.